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CEI GLOBAL REPORT

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International
Economy



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US implements trade agreements with Japan and the EU

The United States government published further details on the trade agreement reached in July with the European Union with the aim of rebalancing the economic relationship with its trading partner. Besides, it issued an executive order implementing the agreement reached with Japan.

With regard to market access, a common point between the two agreements is that the Donald Trump administration committed to applying a minimum tariff of 15% (15% or Most Favoured Nation –MFN–, whichever is greater) on imports from the EU and Japan which are subject to the “reciprocal tariffs”.

Similarly, the US will ensure that the joint tariff applied to vehicles and auto parts of EU or Japanese origin does not exceed 15% –currently imports of these products are subject to a 25% tariff surcharge under Section 232 tariffs of the Trade Expansion Act of 1962–.

In the agreement reached with the EU, the United States undertakes to apply a maximum tariff of 15% on imports of pharmaceuticals, semiconductors and wood of EU origin –subject to investigation for threats to national security– and to charge only the MFN tariff on imports of unavailable natural resources (including cork), aircraft and their parts, generic pharmaceuticals and their ingredients, and chemical precursors originating in the EU.

The EU, in turn, is committed to eliminating tariffs on imports of all industrial goods from the US, and to providing preferential access over a wide group of agricultural and fishery products. The improved market access conditions in agriculture might take the form of elimination or reduction of import duties and tariff rate quotas. Among the goods benefited are nuts, dairy products, fresh and processed fruits and vegetables, processed foods, seeds for sowing, soybean oil, pork and bison, and lobster.

Regarding the agreement with Japan, even though the US confirms that reciprocal tariffs and surcharges on aluminium, steel and copper products will no longer apply to imports of Japanese aircraft and parts, it only authorises the Secretary of Commerce to eventually modify the reciprocal tariffs of imports of unavailable natural resources, pharmaceutical products, their ingredients and generic chemical precursors.

Meanwhile, Japan will facilitate access to its market for various products, including rice, corn, soybeans, fertilisers and bioethanol, for a total amount of USD 8 billion per year. It will also accept the sale of US-made passenger vehicles in Japan, with US safety certification and without additional testing, and it will buy US commercial aircraft and defence equipment.

With both partners, the United States also agreed to encourage new investments. The agreement with the EU includes investment commitments of USD 750 billion in the US energy sector and another USD 600 billion in additional investment initiatives, while the agreement with Japan comprises an investment commitment of USD 550 billion in the US, with the particularity that the US government will have control over which projects these funds will be used for.

Uneven global economic results in the second quarter of the year

According to information published by the OECD, the economic outcome for the second quarter of the year in the main economies of the world (the first after the announcement of the tariff increase made by Donald Trump on 2 April - see CEI Global Report, April 2025) presented mixed results.

The data for the April-June 2025 period show that GDP increased by 0.7% in the United States in relation to the first quarter. Likewise, there was a 2.7% growth in exports, but imports contracted by

10.3% (it should be remembered that in the first quarter of the year many companies anticipated imports due to the forecast of changes in the tariff conditions to access the US market).

In China, on the other hand, exports rose (2.5%) thanks to the increase in external sales of semiconductors, chips and other technological products, as well as imports (4.7%), while GDP grew 1.1%.

Finally, the European Union recorded a 4.7% rise in exports and of 6.3% in imports. In turn, the bloc's GDP grew by 0.2% compared to the first quarter of the year.

Strong fall in the international price of rice

After the remarkable increase it experienced in 2024, the international price of rice underwent a significant drop in the first eight months of 2025. The tonne of Thai white rice 5% broken, one of the varieties used as a world reference, stood at USD 527 per tonne in December 2024 (World Bank), while at the end of August this year it was USD 372.

Similarly, the All Rice Price Index (FARPI) calculated by the Food and Agriculture Organization of the United Nations (FAO) accounts for this behaviour: in July 2025 the index fell 1.8% per month, in the first seven months of the year it descended by 13% and the year-on-year variation registered a drop of 22%.

This decrease, which benefits consumers and importing countries and affects producers negatively, takes place amid increased supply (with the exception of Japan, see CEI Global Report, June 2025), motivated by the end of the export restrictions that had been imposed in some countries, as is the case of India, and an increase in productivity that favoured good harvests in countries such as Vietnam and Thailand.

EUROPE

EU moving forward with the adoption of trade agreements with Mercosur and Mexico

The European Commission (EC) has submitted its proposal for an EU-Mercosur Partnership Agreement and an EU-Mexico Modernised Global Agreement to the Council and the European Parliament.

In the case of the agreement with Mercosur, the Commission delivered proposals for Decisions to the Council for the conclusion and signature of two parallel legal instruments: a European Union-Mercosur Partnership Agreement (EMPA), and an Interim Trade Agreement (ITA). The ITA only requires the approval of the Council and the European Parliament for its entry into force, while the EMPA also requires the approval of the 27 national parliaments of the EU member countries. In this way, the ITA which includes all EU competition provisions, including those relating to trade, will be replaced and repealed by the EMPA once the latter is ratified and enters into force.

With regard to the approval process, while the ITA requires a qualified majority in the Council (equivalent to 55% of the member countries that comprise at least 65% of the European population), in the European Parliament a simple majority approval is enough.

In the case of EMPA, it requires unanimity in the Council, the approval of the European Parliament by a simple majority and the approval of the national and regional parliaments of the 27 member states.

In the press release, the European Commission stresses that the “world’s largest free trade area” has been created and it expects that these agreements will promote “the interests and values of the EU”

and allow it to expand the number of reliable sources of critical raw materials. In addition, given the growing global political instability, the EC emphasises that these agreements provide a common platform to address shared challenges, especially the “modernisation of rules-based global trade”, ensure “predictable and stable” value chains, and reaffirm the commitment to multilateralism, peace and international security. EC Vice-President Kaja Kallas highlights this part of the agreement: “in today’s complex geopolitical context, Europe needs alliances with trusted partners more than ever. These agreements create stability in a world marked by uncertainty”.

German economy struggling to take off

According to Bundesbank, the German economy fell 0.1% in the second quarter of the year, after having shown growth of 0.3% in the first quarter of 2025 and 0.4% in the last quarter of 2024. The increase at the beginning of the year is attributed to the upturn in exports of companies that anticipated the expected rise in United States import tariffs, which was offset in the April-June period.

The German economy has been affected by external factors that have led to years of recession: a fall of 4.5% in 2020 due to the coronavirus pandemic and decreases of 0.7% in 2023 and 0.5% in 2024 due to the Russian invasion of Ukraine. This is now coupled by the trade dispute with the United States, which has brought about uncertainty reflected in a lower demand for bank credits by German companies and the low utilisation of installed capacity.

In the near future, a negative impact of the increase in United States import tariffs is expected, although a possible compensation could come from the exports of industrial products to other destinations.

SOUTH AND CENTRAL AMERICA

Air traffic in Latin America and the Caribbean grows above forecasts

In the first half of 2025, the Latin American and Caribbean aviation sector achieved positive results for both passenger traffic (growing by 6.2%) and the volume of cargo transported (2.2%). This performance accounts for a faster than expected recovery that caused the Airports Council International - Latin America and the Caribbean (ACI-LAC) to revise upwards its projections for the region.

Estimates of regional dynamics even exceed global forecasts. While the ACI estimates that global air traffic will grow 3.7% this year to reach 9.8 billion passengers, for Latin America and the Caribbean, a 4.1% growth is projected, with a total of 789 million passengers.

At the national level, Argentina led growth in the first half of the year, with a 15% increase in passenger traffic, favoured by liberalisation and deregulation policies that strengthen connectivity. Brazil mobilised 112 million passengers (a 9.3% rise) and positioned itself as the largest market in the region, while Mexico added 94.5 million (3.1%). El Salvador (8.5%), Peru (7.1%) and Panama (7.0%) also stood out.

Air cargo also showed a positive performance, with 2.2% growth in the region between January and June. Panama consolidated itself as a logistics hub, after having transported more than 100,000 tonnes (a 15% rise), while Argentina registered a notable increase of 8.3%.

Ecuador and Brazil reinforce their economic and trade agenda

On 18 August, the Presidents of Ecuador and Brazil signed a Joint Declaration to strengthen economic integration between the two countries, through the facilitation of bilateral trade and the promotion of investment between the parties.

The leaders agreed to promote Ecuador's accession to the Agreement on International Terrestrial Transport (ATIT, for its name in Spanish), key to improving logistics connectivity in the region, as well as taking advantage of the Air Services Agreement to boost goods and passengers flow. Likewise, plans included the update of the Economic Complementation Agreement No. 59 (ACE-59, for its acronym in Spanish), with a view to deepening trade integration and reducing barriers that limit the exchange of goods and services.

Access to agricultural and fishery markets was also a main point on the agenda. Brazil committed to complying with the decision that enables the reopening of its market to the Ecuadorian banana, which will start with the access of the dehydrated variety and will be extended to the fresh banana before the end of the year. In addition, it expressed its intention to resume imports of Ecuadorian shrimp, while requesting progress in the entry of Brazilian pork to Ecuador.

Finally, a significant step forward was made for cooperation in investments, innovation and strategic sectors. The Agreement on Cooperation and Facilitation of Investments (ACFI) entered into force, offering greater legal certainty to bilateral capital. Memoranda of understanding (MOU) were also signed on family farming and artificial intelligence, and cooperation in areas such as mining, energy and digital transformation was agreed.

Barbados and Panama strengthen port and trade cooperation

Barbados and Panama deepened their business ties with the signing of a Memorandum of Understanding between Barbados Port Inc. (BPI) and the Panama Maritime Authority. The agreement, formalised in August, establishes a strategic cooperation framework that seeks to take advantage of Barbados' geographical position as a transshipment hub.

The MOU is designed to facilitate the promotion of mutually beneficial business opportunities, the exchange of information and good practices, as well as training and the exchange of technical knowledge. In addition, it puts special emphasis on the sustainability of maritime trade, innovation and environmental management in the port sector.

Barbados and Panama have maintained diplomatic relations since August 1975, and this new agreement reinforces the commitment of both countries to consolidate their economic and port cooperation for the benefit of regional and international trade.

Agreement signed between Peru and Indonesia

Peru and Indonesia reached a new milestone in their bilateral relations with the signing of the Comprehensive Economic Partnership Agreement (CEPA). This agreement strengthens economic cooperation and opens up strategic opportunities for Peruvian exports in a market of more than 270 million consumers and raises the bilateral relationship to the level of a Strategic Partnership.

The agreement establishes a comprehensive framework that includes nine key chapters: National Treatment and Market Access for Goods, Rules of Origin and Origin Procedures, Trade Defence, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Customs Procedures and Trade Facilitation, Cooperation, Dispute Settlement, Transparency and Institutional and Legal Matters. It is

estimated that 56% of the Peruvian products exported to Indonesia will immediately have zero import tariffs, including cocoa, blueberries, avocados, coffee, mangoes and zinc. Other products will follow a deduction schedule of 5, 7 and 10 years, until reaching an 86% total tariff deduction.

The commitment is the result of an intense agenda of negotiations, after 4 rounds during 2024 within the APEC framework and 3 additional rounds in 2025 to define the remaining chapters and annexes. The implementation of the CEPA will allow Peruvian companies to compete more effectively in Indonesia, expand their access in a key market in Southeast Asia, and strengthen Peru's presence in the region. The agenda highlighted the promotion of the logistical, industrial and technological future hub of the central coast of Peru, which integrates the mega port of Chancay, the modernised port of Callao, the new airport city Jorge Chávez, the industrial park of Ancón and other economic zones.

In terms of bilateral trade, Peru and Indonesia recorded a trade flow of USD 646 million in 2024, an increase of 25% compared to 2023. Peruvian exports to Indonesia reached USD 191 million, with a growth of 210%, mainly driven by agricultural products such as cocoa and its derivatives (74% of total exports), tara, quinoa, chia, chestnuts, and grapes.

NORTH AMERICA

US modifies exceptions to reciprocal tariffs

On 5 September, US President signed an Executive Order modifying the scope of the reciprocal tariffs imposed under the emergency trade authority provided for in the International Emergency Economic Powers Act (IEEPA) (see CEI Global Report, August 2025).

The measure modifies the list of products exempted from the payment of reciprocal tariffs (Annex II), incorporates new products, such as gold, precious metals, certain critical minerals (graphite, nickel, tin, thorium, molybdenum, zinc) and pharmaceutical products –subject to Section 232 investigations–. At the same time, it eliminates products from this list, which will be subject to the corresponding reciprocal tariff in each case. This group includes certain aluminium hydroxide products, resins, and silicones.

On the other hand, the Executive Order incorporates a new list of goods in which there is scope to negotiate lower reciprocal tariffs, and that eventually only the MFN tariff is charged (Annex III). This list includes certain aircraft and their components, some generic pharmaceuticals and their ingredients, unavailable natural resources, and certain agricultural products that are not produced in sufficient quantity in the US to meet domestic demand (including tea, mate, coffee, bananas and plantains, flowers, pineapples, spices, cocoa, and certain types of nuts). To obtain a reduction or elimination of reciprocal tariffs for some or all of the products on this list, a trading partner shall conclude an agreement with the United States that helps mitigate the national emergency related to the trade deficit.

Canada removes tariff countermeasures on imports from US

On 22 August, Prime Minister Mark Carney announced that Canada will eliminate –as of 1 September– retaliatory tariffs of 25% on those US goods that are covered by the free trade agreement between the two countries.

The measure responds to Washington's decision not to apply reciprocal tariffs to Canadian exports that comply with the rules of origin of the USMCA. Carney said that the average tariff faced by Canadian products when entering the United States is 5.6% and that more than 85% of bilateral trade is tariff-free.

However, the Canadian government specified that countermeasures in three sensitive sectors (steel, aluminium and automobiles) remain in force while bilateral negotiations continue to seek a specific solution in these areas.

The Prime Minister also announced that internal consultations will be launched in September to define Canada's priorities for the USMCA review in 2026, and that his government will develop a comprehensive industrial strategy to protect Canada's employment, competitiveness and exports diversification.

US imposes 50% tariffs on over 400 steel and aluminium products

The US government added 407 tariff lines to the list of steel and aluminium products reached by the 50% tariffs under Section 232 of the Trade Expansion Act of 1962. The measure includes wind turbines, their parts and components, mobile cranes, excavators and other heavy equipment, railway wagons, furniture, compressors and pumps, among other products.

These surcharges took effect on 18 August 2025 and only apply to the steel or aluminium content of each derived product. Content other than steel and aluminium continues to be subject to the reciprocal tariffs and other import tariff rates that correspond to each country of origin.

It should be remembered that, in February of this year, the exceptions that were granted to products from certain specific countries were eliminated, and the surcharge for aluminium products was raised from 10% to 25%. In June, the tariff rate for both steel and aluminium was increased to 50%. In addition, in May, the Department of Commerce established a procedure to add derivative products. This process includes three annual periods in which the public can submit applications for product inclusion. The next window will open in September.

In turn, the Department of Commerce opened a new national security investigation under Section 232 into imports of wind turbines and their parts and components. The investigation, in addition to the other eight underway, will assess whether reliance on foreign-made turbines and components undermines US national security by eroding domestic production capacity, creating supply chain vulnerabilities or exposing critical infrastructure to foreign influence.

President Donald Trump announced, through the social network Truth, that the government would initiate an investigation into furniture imports, although there has not yet been an official notification about it.

Court of appeals declares reciprocal tariffs illegal

A US federal appeals court ruled on 29 August that the tariffs imposed by Donald Trump under the International Emergency Economic Powers Act are illegal. In this way, it partly confirms the ruling of first instance of the Court of International Trade (see CEI Global Report, June 2025).

However, the Court allowed these tariffs to remain in force until 14 October, while the Executive Branch prepares an appeal to the Supreme Court.

In a decision by seven votes to four, the US Court of Appeals for the Federal Circuit found that while IEEPA empowers the President to act against "unusual and extraordinary" threats, it does not explicitly authorise him to impose broad and widespread import tariffs.

According to the ruling, the IEEPA "does not mention tariffs (or any of their synonyms)" nor does it establish the procedural safeguards necessary to transfer such broad authority to the executive. It also rules that the power to impose taxes and tariffs is an essential attribution of Congress.

The decision affects the so-called reciprocal tariffs, imposed on most US trading partners, as well as tariffs established to control immigration and trafficking of fentanyl, applied to China, Mexico, and

Canada; but it does not invalidate those aimed at specific sectors, such as steel, aluminium, and copper –Section 232 tariffs, which address threats to national security– or those imposed on China during Trump’s first term –Section 301 tariffs, related to unfair trade practices–.

ASIA AND OCEANIA

South Korea presents plan to boost AI

The government of South Korea presented a plan aimed at driving the transformation of its economy through artificial intelligence (AI) and other technologies with great potential. The funds allocated to the project exceed USD 25 billion and will be assigned to promote research and development (R&D) activities in 2026, which represents a 9% year-on-year increase of the budget allocated for this purpose and the doubling of funds specifically allocated to AI.

The objective of the plan is to promote the use of AI in various industries and in the public sector, in dependencies related to administration, health, defence and education. In this regard, tailored AI educational programmes will be implemented for primary and secondary school students. As for the budget for defence-related R&D projects, the plan raises it by 25% year-on-year, and includes space projects. Some of the funds will also be used to promote projects related to robotics, quantum computing, synthetic biology and autonomous driving.

The Korean government unveiled the plan in a negative context regarding economic growth prospects due to the trade difficulties that are projected as a result of global uncertainty in tariff matters.

India and Japan strengthen strategic partnership

India and Japan strengthened their bilateral relationship with the visit of the Indian Prime Minister to Tokyo. In that framework, both countries signed a series of agreements among which are the following: the India-Japan Joint Vision for the Next Decade, the Joint Declaration on Security Cooperation, the Action Plan for India-Japan Human Resource Exchange; and Memoranda of Cooperation in the field of Mineral Resources.

Likewise, the highest authorities of both countries shared the importance of strengthening bilateral cooperation in artificial intelligence and semiconductors, and launched the “Japan-India Digital Partnership 2.0” and the “Japan-India AI Cooperation Initiative (JAI)”.

Regarding investment, the parties set out to increase public and private funding from Japan to India over the coming years. The goal projected in 2022 for the next five years has already been achieved, so they decided to set a new target of USD 6.8 billion per year over the next decade.

Australia removes import tariffs

The Australian government announced that it will remove import tariffs on 500 products with the aim of reducing bureaucracy, relieving tax burden and increasing the productivity of local companies, which will be able to offer lower prices to consumers thanks to the drop in costs.

The new list adds to the 457 tariffs that had been abolished by the government in July 2024, which represents a total of around USD 100 million less tax burden for Australian companies.

Some of the products for which the government proposed to eliminate tariffs are as follows: tyres, with annual imports of more than USD 2.6 billion; televisions, with annual imports of more than USD 900 million; and air conditioners, whose annual imports amount to more than USD 37 million.

AFRICA

Japan outlines its new trade strategy with Africa

The Ninth Tokyo International Conference on African Development (TICAD 9) was held in Yokohama (Japan), from 20 to 22 August. The event was organised by the government of Japan along with other international and regional players, such as the World Bank, the United Nations Development Programme (UNDP) and the African Union Commission.

The TICAD is a triennial meeting mechanism, bringing together representatives of governments, international organisations and the private sector, which was launched by the government of Japan in 1993 with the aim of improving economic and social conditions on the African continent, mainly through technical assistance and the granting of financial aid.

Under the motto “co-create innovative solutions with Africa”, this ninth edition gathered government representatives from 49 African countries and was co-chaired by the Prime Minister of Japan, Shigeru Ishiba, and the President of Angola (in his capacity as the highest authority of the African Union), João Lourenço.

In line with the new US strategy for Africa (see CEI Global Report, June 2025), the African press identified in the results of this ninth conference a shift in Japanese strategy, which ceases to prioritise government assistance towards the African continent to focus on private investment opportunities, with a focus on two pillars: private sector stimulus to drive growth in Africa and improvements in connectivity and logistics within the African Continental Free Trade Area (AfCFTA) to increase trade.

AfCFTA: the role of infrastructure for regional integration

In a recent presentation at the Africa50 GSM 2025 forum, held in mid-August in the city of Maputo (Mozambique), the Secretary-General of the African Continental Free Trade Area, Wamkele Mene, underlined the fundamental role of infrastructure in the development possibilities of the African continent for the coming years, as well as with respect to the objective proposed by AfCFTA to double intraregional trade by 2030.

In this regard, Mene emphasised the urgent need for the African continent to have the necessary investments to expand and strengthen its infrastructure and highlighted the central role of regional financial institutions. In addition, the official pointed out that the required investments must address two simultaneous challenges: physical connectivity and the digitisation of transport and trade systems.

The role of the private sector and, above all, of local financial institutions in the conversion of the infrastructure of the African continent is highlighted in the 2025 report which is published annually by the Africa Finance Corporation. This report also prioritises the energy, transport and logistics sectors, digital development, and local industrialisation of raw materials as the main investment opportunities in the continent.

This concern regarding the deficiencies of the African continent in terms of public works and its key role in increasing trade has also been the subject of the latest strategies announced by the world’s largest

economies with respect to the African continent. For some examples, see the previous news on Japan (above), the United States (CEI Global Report, [July 2025](#)) Canada (CEI Global Report, [April 2025](#)) and China (CEI Global Report, [October 2024](#)).

WTO releases economic growth figures for Africa in 2024

In its 2025 annual [report](#), the World Trade Organization (WTO) reported remarkable growth in world trade for the year 2024, with a 2.9% year-on-year increase in the volume of total merchandise trade (and 2% growth in value). However, the results place the African continent as the region with the lowest growth rate for trade in goods in 2024, with a year-on-year increase of only 1.3% for its exports and 1.8% for its imports.

As for trade in services, the global exchange volumes rose by 9% compared with 2023; while the African continent registered only a 3% year-on-year increase in this area.

In line with the results described, the report also highlights the role of the WTO in terms of technical assistance and capacity building, whose first recipient is the African continent, which received 46% of the cooperation earmarked by the WTO for 2024 (followed by the Asia Pacific region, with 25%).

Despite the global trade performance by 2024, the report's introduction reflects WTO Director-General Ngozi Okonjo-Iweala's concern about the current signs of fragmentation in the international economy and its potential negative effects on lower-income economies.

The specialised [press](#) has echoed this [concern](#), linking the modest results of Africa's 2024 trade performance to the continent's structural infrastructure difficulties, while shedding light on the growing challenges that Africa must face in the current global tariff context.

Finally, the WTO report confirms that its 14th Ministerial Conference will be held from 26 to 29 March 2026 in Cameroon. This is the second time that the African continent will host a [ministerial](#) conference in the history of the organization, given that the 10th edition took place in 2015 in Nairobi (Kenya).

CEI GLOBAL REPORT

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