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CEI GLOBAL REPORT

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WORLD

World Bank reduces its global growth projections

G7 agrees on exempting US companies from global minimum tax

IATA: latest global air freight data

EUROPE

Great Britain defines its trade and industrial strategy

The European macro problem: savings or investment?

The European Central Bank reduced interest rates for the eighth consecutive time

SOUTH AND CENTRAL AMERICA

Mercosur-EFTA agreement negotiations conclude

CAF to invest USD 2.5 billion in the region's blue economy

Chile and Switzerland modernise the agreement that regulates their bilateral investments

New markets and commercial routes for Argentina and Brazil

NORTH AMERICA

US extends "reciprocal tariff" truce

US lowers tariffs on UK cars, auto parts and aircraft

Canada eliminates digital services tax in view of US agreement

Canada implements measures to protect steel industry

ASIA AND OCEANIA

Japanese company acquires U.S. Steel

China partially lifts ban on importing Japanese seafood

New freight transport service links China to Europe via the Caspian Sea

AFRICA

China announces its intention to reduce to zero their tariffs for African countries

Two African countries restrict exports of critical minerals

Angola Summit confirms new US-Africa ties

WORLD

World Bank reduces its global growth projections

In the latest edition of its report "Global Economic Prospects", the World Bank (WB) noted that the upward trend global economic growth is not maintained. The agency projected a growth rate of 2.3% for 2025, representing almost a 0.5 p.p. decline compared to its estimates at the beginning of the year.

Rise in world production could be even lower if there were more restrictions on international trade, if the main economies did not expand their GDP as expected, or if natural disasters or conflicts between countries multiplied.

Were WB's forecasts confirmed, the 2025 economic performance would be the lowest since 2008 (not considering global recessions), and would imply a reduction in growth for almost 70% of countries and for all the regions. A slight recovery is expected by 2026-27 that, even if confirmed, would result, in the first seven years of this decade, in the lowest average global growth of all decades since the 1960s.

With respect to developing economies, the expected growth for this year is 3.8%, representing a slowdown for almost 60% of the countries in this group. For coming years, it will rise slightly –probably reaching 3.9% in 2026 and 2027–. In Latin America and the Caribbean, on the other hand, growth is expected to be 2.3% this year and 2.5% in 2026 and 2027.

G7 agrees on exempting US companies from global minimum tax

The G7 Leaders' Summit was held in the Kananaskis region of Canada from 15 to 17 June, marking the 50th anniversary of the first G7 presidents' meeting.

The commitment to exempt US companies from the global minimum tax agreed within the framework of the OECD by more than 130 countries in October 2021 was among the issues agreed upon by the main leaders of the world's most powerful economies (see CEI Global Report November 2021).

The aforementioned tax is aimed at multinational companies whose revenue is over USD 850 million per year, which instead of being taxed only where their parent companies are located, would be forced to pay a minimum of 15% of their revenues in the countries where they run their businesses and make profit.

Since coming into office, the current US administration has opposed US companies' having to levy this tax outside the US. At the summit, the G7 members pledged to support the US position in the negotiations that take place within the framework of the G20 and the OECD on this issue.

IATA: latest global air freight data

According to the latest data published by the International Air Transport Association (IATA), corresponding to cargo transported by air in May, total global demand increased by 2.2% year on year, compared to the levels of May 2024, while the volume of air cargo grew by 6.8%.

However, according to the information released by the IATA, the current trade tensions might have had negative consequences on some companies in the sector. In particular, the report highlights that North American airlines registered a 5.8% YoY drop in air cargo traffic, the worst regional performance in the period, while on the commercial route between Asia and North America, in May there was a 10.7% YoY decrease in traffic.

The report also notes that the price of jet fuel was 18.8% lower in May than in the same month of 2024 and compared to April 2025, the drop was 4.3%.

EUROPE

Great Britain defines its trade and industrial strategy

The UK government introduced its Trade Strategy and Industrial Strategy to Parliament. While presented in two separate documents, both initiatives share the goal of prioritising economic growth.

The Trade Strategy proposes a policy of flexible trade when negotiating agreements, being it a free trade agreement, like that reached with India, or an agreement on the level of reciprocal tariffs, like that reached with the United States. To face a more protectionist environment than that desired, it proposes to boost its trade defence instruments. It also seeks to improve the management of export credits and guarantees to these credits, as well as provide more funds for these programmes. It also seeks to increase trade by reducing regulations and paperwork.

The Industrial Strategy, in turn, defines eight sectors with high potential to increase productivity, improve the resilience of the economy and help in the transition to net zero emissions. These sectors include technologies for advanced manufacturing, creative industries, life science products, clean energy producing industries, defence goods, digital technology, professional and business services, and financial sector improvements. For these sectors, it will seek to reduce electricity costs, promote free and fair trade, strengthen security, improve access to credit, underpin innovation, strengthen skills, improve access to talent, and reduce the regulatory burden.

According to the Prime Minister, Keir Starmer, the United Kingdom has the conditions to take advantage of the benefits of implementing these strategies, as it is a leading global trade open economy, and has outstanding financial, scientific and educational institutions worldwide.

The European macro problem: savings or investment?

Two recently published documents give an account of the problem represented by the decoupling between saving and investment for the European market: the Draghi report on the future of European competitiveness, of September 2024 (see CEI Global Report, October 2024), and the Savings and Investment Union Strategy (SIU) of the European Commission (EC), of March this year.

The EC argues that the way in which the bloc's financial system channels savings into productive investments needs to be improved. Its President has referred to it as a double win: families will have more opportunities to invest in the capital market and companies will have better access to financing to increase production and create more jobs.

The SIU argues that four aspects must be taken into account to generate a virtuous dynamic: savers should have higher-yielding financial instruments; the availability of capital in critical sectors should be stimulated; barriers to cross-border operations should be removed to increase the scale of operations; and the supervision of financial markets should be similar in all markets.

However, in an article of the IMF's Finance and Development Magazine –June issue– economists stated that these conditions would not be sufficient to achieve the aforementioned objectives.

One difficulty would be on the savings side: the authors contend that 80% is deposited with banks, and banks do not lend beyond national borders, due to regulations that inhibit capital market development. They say greater integration of domestic markets is needed both to take advantage of economies of scale and to offer different financial products, including venture capital. According to the authors, in addition to regulatory harmonisation, the EU should have a "European bond".

The other difficulty would be on the investment side. This would be greater if returns were higher, which requires reforms and deregulation of European markets. Thus, the IMF has estimated that the regulatory barriers to the cross-border movement of capital are equivalent to a 45% tax on trade in manufacturing and 110% on trade in services.

As IMF economists summarise, savings and investment require an integrated capital market and an appropriate regulatory reform.

The European Central Bank reduced interest rates for the eighth consecutive time

The Governing Council of the European Central Bank (ECB) reduced interest rates by 25 basis points. Thus, the official European rate applicable to the deposit facility was set at 2%. In September 2023, it had risen to 4% and it remained at that level until May 2024, when successive cuts of 25 basis points starting in June 2024 brought it to its current level.

According to the ECB, this decision is based on its assessment of inflation outlook, inflation dynamics and the intensity of monetary policy transmission. Inflation projections are around the 2% target in the medium-term: 2% in 2025, 1.6% in 2026 and 2% in 2027. In turn, the economy would grow 0.9% in real terms this year, 1.1% in 2026 and 1.3% in 2027.

According to ECB authorities, while the uncertainty surrounding global trade policy affects investment and exports, this will be offset by increased investment in Defence and Infrastructure. They also assume that higher real income will induce greater household consumption, so the European economy will be able to withstand the disturbances in production worldwide.

SOUTH AND CENTRAL AMERICA

Mercosur-EFTA agreement negotiations conclude

Within the framework of the Mercosur summit held in Buenos Aires on 2 and 3 July, and after 14 rounds, negotiations between the Mercosur countries and the European Free Trade Association –EFTA– States (Iceland, Liechtenstein, Norway and Switzerland) concluded to reach a free trade agreement (FTA) between the two blocs.

The FTA will be comprehensive and broad, covering trade in goods, trade in services, investments, intellectual property rights, public procurement, competition, rules of origin, trade defence, sanitary and phytosanitary measures, technical barriers to trade, and legal and horizontal matters. It will also include a dispute resolution scheme, and a chapter on trade and sustainable development.

An exploratory dialogue between the blocs began in 2015 and culminated in a first round of negotiations in June 2017. Once this stage is completed, the parties must agree to sign and comply with the internal requirements for its entry into force; when this occurs, the commitment will create a free trade area of almost 300 million people with a GDP of more than USD 4.3 trillion.

CAF to invest USD 2.5 billion in the region's blue economy

The Development Bank of Latin America and the Caribbean (CAF) participated in the "Blue Economy and Finance Forum" event in Monaco, where it announced that it will double its investment in ocean protection and the blue economy in Latin America and the Caribbean to reach USD 2.5 billion for the 2025–2030 period.

Since 2022, CAF has allocated USD 1.3 billion to sustainable blue economy projects, granting 17 loans and participating in 18 technical cooperation projects in 16 countries in the region.

The funds provided until 2030 will serve to finance different lines of work, among which the following stand out: management of marine-coastal resources for productive or commercial purposes; conservation and restoration of marine ecosystems; promotion, research and development of renewable energies from the ocean; promotion of responsible tourism; research and development of new technologies for the exploitation and sustainable use of resources; and strengthening of institutional capabilities for the sustainable management of marine-coastal resources.

Chile and Switzerland modernise the agreement that regulates their bilateral investments

Within the framework of the OECD Ministerial Council meeting, held in Paris on 3 and 4 June, representatives of Chile and Switzerland signed the "Comprehensive Agreement on the Promotion and Protection of Investments", an instrument that modernises and replaces the bilateral commitment on investments signed by both countries in 1999 and that is currently in force.

This update adds to the one agreed with the European Free Trade Association (EFTA) in mid-2024 and modernises the more than 30 Investment Promotion and Protection Agreements that Chile signed in the 1990s.

The new instrument includes the main recommendations by international organisations such as the OECD and the WTO, and includes commitments to sustainability, corporate responsibility and anti-corruption.

The stock of Swiss investments in Chile amounted to just over USD 2.2 billion in 2023, mainly in the mining and quarrying sectors, renewable energy and financial services sectors. Chilean investments in Switzerland, meanwhile, reached USD 2.7 billion that year.

New markets and commercial routes for Argentina and Brazil

Argentina managed to open a new logistics corridor after the first export of high quality boneless chilled beef cuts to Panama by air. The shipment departed from Rosario International Airport, province of Santa Fe. Likewise, the first exports by air of pacu meat to Los Angeles, United States, departed from the same location, coming from facilities in Puerto Las Palmas, province of Chaco.

In June, Brazil opened the Uruguayan market for live ornamental fish, obtained the approval of the countries of the Eurasian Economic Union to export animal by-products destined for pharmaceutical products, and managed to get Jordan and Kuwait to reduce import restrictions for Brazilian avian meat.

NORTH AMERICA

US extends "reciprocal tariff" truce

On 7 July, President Donald Trump signed an Executive Order by which the application of the "reciprocal tariffs" is extended until 1 August. These were to enter into force on the 9th of this month (see CEI Global Report, May 2025).

Likewise, according to an informative factsheet published by the White House, letters were sent to 14 countries informing them of the new reciprocal tariff rates that will apply as of the beginning of August. In the case of South Korea (25%), South Africa (30%), Indonesia (32%) and Thailand (36%), the additional tariffs announced on 2 April will be maintained (see CEI Global Report, April 2025). For Laos (40%), Myanmar (40%), Cambodia (36%), Bangladesh (35%), Serbia (35%), Bosnia and Herzegovina (30%), Kazakhstan (25%) and Tunisia (25%) the revised tariffs will be lower than initially notified. Instead, the tariff rate will be slightly higher than what was reported in early April for Japan and Malaysia (25% each).

As published, letters are likely to be sent to other trading partners in the coming days and weeks.

US lowers tariffs on UK cars, auto parts and aircraft

On 16 June, the United States issued an Executive Order to apply the general conditions of the recent Economic Prosperity Deal with the United Kingdom.

As announced when the agreement was signed (see CEI Global Report, June 2025), the US government establishes an annual tariff rate quota of 100,000 cars of British origin. Imports within the tariff rate quota will be subject to a 10% tariff, while outside the quota they will have to pay 27.5%.

Similarly, there is a tariff reduction on imports of British automotive parts that are intended to be used in cars produced in the United Kingdom, which will also be taxed at a 10% tariff.

The Executive Order adds that the additional tariffs of 10% ("reciprocal" duties) and 25% (for steel and aluminium items) on aerospace products of British origin included in the Agreement on the Trade in Civil Aircraft of the WTO will no longer apply. This plurilateral agreement, which has 33 signatory countries, entered into force in January 1980 and eliminates import duties with respect to aircraft (except military) and their related products (engines, parts and components of civil aircraft, flight simulators).

Finally, the future establishment of tariff quotas for steel and aluminium products of British origin and their derivatives is authorised. It should be remembered that imports of steel and aluminium products from the United Kingdom were exempted from the latest increase in tariffs from 25% to 50% decided by the US government.

Canada eliminates digital services tax in view of US agreement.

In an attempt to boost trade negotiations with the Trump administration, the government of Canada affirmed that it will eliminate its digital services tax (DST) on major tech companies.

Canadian Minister of Finance François-Philippe Champagne stated that Canada is engaged in complex negotiations on a new economic and security partnership with the US, and repealing the DST will enable the negotiations to make crucial progress.

Consistent with this move, Canadian Prime Minister Mark Carney and US President Donald Trump agreed on the fact that the parties will resume negotiations with a view to reaching an agreement by 21 July.

The digital services tax was announced in 2020 to address the fact that many large tech companies operating in Canada do not pay taxes on income generated from Canadians (see CEI Global Report, September 2024). The reversal comes after Trump ended all trade talks with Canada due to the 3% tax on certain digital income earned in the country, and which could announce new tariffs on the imports of Canadian products.

A similar measure was taken a couple of months ago by India, which dropped –as of 1 April, 2025– its 6% tax on online ads.

Canada implements measures to protect steel industry

On 19 June, Canadian Finance Minister François-Philippe Champagne announced a series of measures aimed at protecting the steel and aluminium sector. The package includes the current retaliatory tariffs on imports of steel and aluminium products originating in the US, restrictions on public procurement, and new tariff rate quotas on steel products imported from countries with which Canada has not signed a free trade agreement.

First, the current retaliatory tariffs on steel and aluminium products will be adjusted "to levels consistent with the progress made in the broader trade agreement with the United States". No further details or information on the direction of the change were provided, although the adjustments are expected to take effect on 21 July, which is the estimated end date of the negotiations between the two countries. The initial tariff surcharges of 25% on US aluminium and steel have been in effect since mid-March 2025.

In addition, the establishment of new tariff rate quotas for imports of steel products from countries that are not partners of a free trade agreement with Canada was announced. Tariff rate quotas will be set at 100% of 2024 import levels and applied retroactively. The stated objective of this measure is to stabilise the domestic market and avoid harmful trade diversions. The government communication does not specify the scope of the affected products.

In turn, "reciprocal" public procurement policies would begin to apply as of 30 June 2025. These policies will limit access to federal procurement for suppliers from countries that allegedly do not offer reciprocal access to Canadian suppliers through trade agreements. However, no details were provided yet on which partners are considered to offer reciprocal access.

The government also announced its intention to adopt additional tariff measures in the coming weeks to address the risks associated with persistent global overcapacity and unfair trade in the steel and aluminium sectors, exacerbated by US measures.

ASIA AND OCEANIA

Japanese company acquires US Steel

The Japanese company Nippon Steel acquired 100% of the capital of the American manufacturer US Steel, in a transaction valued at USD 14.1 billion, which included the participation of the US government.

The purchaser is expected to make investments of approximately USD 11 billion in US Steel through 2028, and will not change the location of its headquarters, in Pittsburgh, Pennsylvania. Likewise, it must have a majority of US citizens on its Board of Directors and the subsidiary's ability to carry out autonomous trade actions shall not be restricted from Japan.

These and other conditions were negotiated by the Japanese company Donald Trump's Administration, which from the beginning of his second term, was opposed to the sale. As a result of those negotiations, the US government will hold the company's golden share, which will allow it, among other things, to veto the reduction in its investment commitments, to change the name or the company's headquarters and to move production or job positions outside the United States.

It should be remembered that in March 2024, Nippon Steel's purchase of US Steel had been vetoed by then-President Joe Biden (see CEI Global Report, April 2024).

China partially lifts ban on importing Japanese seafood

The Chinese government announced that it will allow the partial resumption of seafood imports from Japan. In 2023, China had banned the entry of Japanese fishery products in response to the decision of the authorities of that country to dump treated wastewater from the Fukushima nuclear plant into the Pacific Ocean, a measure that had the support of the International Atomic Energy Agency.

The Chinese General Customs Administration accepted the tests provided by the Japanese government, according to which the safety and quality of the products are guaranteed. However, the agency decided to continue with the ban on fish products from 10 of the 47 Japanese prefectures.

The measure was welcomed by the Japanese fishing sector, which was greatly affected by the 2023 policies, when China was among its main export markets. However, the government of Japan said that they will continue to demand the lifting of the ban for the 10 prefectures that are still excluded.

New freight transport service links China to Europe via the Caspian Sea

On 30 June, a train left Beijing whose cargo was destined for the city of Baku, the capital of Azerbaijan. Thus, a new multimodal transport route that goes through Kazakhstan, crosses the Caspian Sea by ferry and resumes its path by rail to Baku was inaugurated.

The train that opened the route carried more than 2,300 tonnes of products such as auto parts, machinery and books, destined for the markets of Georgia, Türkiye and Serbia, among other countries.

This new "rail-sea-rail" route that covers more than 8,000 km and reduces the duration of transport between the Chinese capital and Baku from 50 to 15 days adds to the numerous routes linking China and Europe by rail, which have already transported above 110,000 freight trains and which connect over 120 Chinese cities with above 220 cities in 26 European countries.

AFRICA

China announces its intention to reduce to zero their tariffs for African countries

On 12 June, the meeting of ministerial coordinators for the implementation of the results of the Forum on China-Africa Cooperation (FOCAC) was held in Changsha, Hunan Province (China). In this regard, the

President of the People's Republic of China sent a letter in which he expressed his congratulations on the results of the work of the FOCAC and announced the Asian country's intention to advance in the signing of an economic partnership agreement for shared development with Africa, which will reduce to zero all import tariffs for products from African countries with which China maintains diplomatic relations.

This policy applied by China towards the African continent is not new, but rather reinforces a bond of more than 70 years of cooperation, which has led the Asian country to become the African continent's main trading partner for more than 15 years without interruption. It should be remembered that during the 2024 FOCAC Summit, held in September 2024 in Beijing, Xi Jinping proposed raising this relationship to the level of a "strategic alliance" (see CEI Global Report, October 2024).

At that time, China had already announced the tariff reduction to zero for the Least Developed Countries (LDCs) of the African continent that maintain diplomatic relations with the Asian giant. This measure had timely reached 33 countries.

The new Chinese decision proposes to extend this tariff reduction to practically the entire African continent (with the sole exception of Eswatini, which maintains its recognition of Taiwan), that is, to a total of 53 countries according to information from the Embassy of the People's Republic of China in Nigeria. This decision acquires greater significance in the current international context, marked by the tariff policy applied by the United States and the doubts regarding the renewal of the African Growth and Opportunity Act (AGOA), which expires in September of this year (see CEI Global Report, August 2024 and June 2025).

However, some media press have interpreted the value of this announcement for its diplomatic effects in the international context described, rather than for its true trade effect. Likewise, the Chinese proposal has been contextualised by sectors of the African press in the scenario of the strong trade deficit that the African continent maintains with China, its debt to the Asian country and China's strategy to include Africa in the Belt and Road Initiative (BRI).

Two African countries restrict exports of critical minerals

The Democratic Republic of the Congo (DRC) announced in recent days that it would extend the ban on exporting cobalt concentrate for three months.

The extension was announced by the competent Congolese authority, (ARECOMS) and refers to a measure originally arranged in February of this year for a period of four months, with the aim of regulating the supply of this mineral in the international market in the face of an excess of production and consequent decrease in the international price.

The move, which affects a key input in the production of electric vehicle batteries and cell phones, led in turn to a rise in cobalt futures prices in China.

The Democratic Republic of the Congo is the largest producer of cobalt in the world, responsible for more than 76% of the world's production of the mineral. This decision would exclude more than 100,000 tonnes of cobalt from the international market during its period of application.

The specialised press also refers to the fact that, during that period, the Congolese government will analyse long-term alternatives related to the eventual regulation of cobalt production in the country, among which it evaluates the possibility of imposing production quotas on international mining companies operating in Congolese territory, such as Glencore or the Chinese group CMOC .

In turn, the President of the Republic of Gabon, Brice Clotaire Oligui Nguema, recently announced in the Council of Ministers the decision of his government to ban, as of 1 January 2029, the exports of raw manganese, considered a strategic resource of which Gabon is the second largest producer in the world.

This announcement was described by the government of Gabon as a "historic decision", which is part of the design of an industrial policy aimed at achieving the local transformation of raw materials, the revaluation of Gabonese labour and the creation of value chains that better take advantage of the revenues from the country's natural resources.

According to the announcement, the Gabonese government grants the private sector a period of three years to adapt to the new policy on manganese production and trading, with the aim of advancing in the formation of a public-private fund dedicated to the local transformation of the mineral.

Press media from Africa highlight that this decision seeks to interrupt decades of extractive economy in Gabon, in which manganese, together with wood and oil, make up the main source of income of the country.

In turn, the French company Eramet –referred to by the press as one of the main players in manganese extraction in Gabon, and with a presence in Argentina in the lithium sector– responded to the announcement through an official statement, in which it recalls its extended presence of thirty years in Gabon, reaffirms its willingness to continue working together with the local government in a constructive atmosphere of mutual respect and highlights its role in the Gabonese labour market, with more than 10,460 jobs generated through its mining activity in the African country.

The potential of critical minerals for Africa's development (see CEI Global Report, May 2025 and July 2024) was recently taken up by WTO Director-General Okonjo-Iweala, who pointed out at an African Development Bank meeting that Africa can become a hub within the global supply chain of critical minerals in the coming years, as long as it applies the right combination of appropriate policies and strategic actions.

Angola Summit confirms new US-Africa ties

Between 22 and 25 June, the 17th US-Africa Business Summit was held in Luanda, Angola. The Meeting was headed by the President of the Republic of Angola, João Lourenço, and was convened under the slogan "Pathways to Prosperity: A Shared Vision for the US-Africa Partnership", with a focus on three pillars: moving from aid to trade; securing critical mineral supply chains; and enhancing US leadership in artificial intelligence and digital technology.

According to the US government's official information, the summit brought together more than 2,700 public and private sector representatives from both sides, including 12 African presidents.

The US delegation was chaired by Ambassador Troy Fitrell, Undersecretary of State for African Affairs, who –on his second visit to the African continent in the last two months– highlighted the historical and renewed potential of Africa and the consequent interest of the United States in working closely with its private sector to identify access opportunities so that US companies can take advantage of said potential.

The US government's explicit objective for this summit was to secure key agreements and commitments for US companies and set the conditions to boost US exports and investment in Africa, in line with the commercial diplomacy strategy for Africa, elaborated by Donald Trump's Administration (see CEI Global Report, June 2025).

In turn, in his inaugural speech, the President of Angola agreed on the potential of the African continent, while highlighting the economic reforms faced in recent years by several of the countries that make it up, at the same time that it points out the importance of deepening integration and intraregional trade in Africa, as well as the development of infrastructure in accordance with said integration, for which international financing is required.

The official thus stressed that the conditions were in place to encourage direct investment by the US private sector in Africa, triggering off a new starting point in the relationships between the US and the African continent; although he stressed that such investment must include more than capital to become a comprehensive partnership and jointly transform Africa’s current state of affairs. He summarised this approach in a change of paradigm in the connection between both parties.

The summit generated strong expectations in the press and academic sectors linked to the African economy, in the context of the current tariff policy applied by the United States.

Along these lines, several local media have echoed the statements of the President of the African Development Bank Group, Dr. Akinwumi Adesina, who referred during the summit to the need for the United States to review the application of the new tariffs in the case of African countries.

Likewise, the African press highlighted an academic report recently published in the international arena, which ratifies the opportunity represented by the new US diplomatic strategy with Africa, focused on replacing aid with trade, in order to advance in the comprehensive reformulation of that economic and commercial link.

The 17th US-Africa Business Summit was also an occasion for the culmination of various agreements between US companies and public and private counterparties of African countries, most of them in terms of infrastructure.

CEI GLOBAL REPORT

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