OCTOBER 2025

CEI GLOBAL REPORT

CEI Centre for International Economy

WORLD

WTO examines effects of AI on global economy

Agreement on Fisheries Subsidies enters into force

Largest investment ever announced for AI development

EUROPE

EU seeks to postpone entry into force of regulation on deforestation

EFTA-Singapore Digital Economy Agreement

SOUTH AND CENTRAL AMERICA

Signing of the Mercosur Free Trade Agreement

Argentina has been declared free of avian influenza and resumes poultry trade

Colombia and Japan strengthen their agribusiness cooperation

NORTH AMERICA

US: new sector tariffs on wood and furniture

Mexico seeks to increase tariffs on nearly 1,500 products

US government shutdown

ASIA AND OCEANIA

Indonesia reaches agreements with EU and Canada

China announces WTO position change

Ethiopia opens Africa's largest hydroelectric dam

AFRICA

Ethiopia opens Africa's largest hydroelectric dam

Egypt and Singapore explore the possibility of signing FTA

Critical minerals: DRC eases restrictions on cobalt exports

WORLD

WTO examines effects of AI on global economy

In its "World Trade Report 2025", the World Trade Organization (WTO) acknowledges that Artificial Intelligence (AI) has already begun to reshape the global market for goods and services, and projects that by 2040, its effects could translate into an increase in economic activity of up to 13% and international trade of up to 37%. Rises in both variables would be driven by lower logistics and communication costs and increased business productivity.

However, the report notes that the consequences of AI could be negative for many workers and even for entire economies that cannot take advantage of it. According to the organisation, AI could boost existing inequalities and even give rise to new ones.

In order for everyone to benefit from the introduction of this technology, the report notes that technology and infrastructure gaps between countries must be reduced. If no action is taken to make this happen, the threats posed by AI can be on the rise and the positive results be focused on few beneficiaries.

The WTO recommends that for the impact to be beneficial for all economies it will be necessary to boost international cooperation on the matter, have open trade based on its rules, with lower tariffs applied to the essential inputs for AI-related technologies, such as semiconductors.

In this regard, the report notes that currently there are countries imposing tariffs of up to 45% on products necessary for the development of AI and it highlights there is an increase in quantitative restrictions applied to foreign trade in AI-related goods, which reached 500 in 2024.

Fishing subsidy agreement enters into force

The WTO announced the entry into force of the Agreement on Fisheries Subsidies, an international commitment that incorporates regulations aimed at prohibiting a series of subsidies related to fishing activities, negotiated within the framework of the international organisation.

More than three years after the end of the negotiations, which spanned almost two decades, the WTO received the instruments of ratification from Brazil, Kenya, Vietnam and Tonga, thus exceeding 111 ratifications, the threshold required for the instrument to enter into force. Argentina had already ratified the agreement in June 2025.

Among the subsidies considered harmful and which the Agreement proposes to eliminate are those that contribute to illegal, unreported and unregulated fishing, fishing for overexploited stocks and unregulated high seas fishing.

Largest investment in history for AI development announced

US companies NVIDIA and OpenAI signed a letter of intent in which the former expresses its interest in investing up to USD 100 billion in the latter to secure the infrastructure necessary for the development of its next generation of AI models.

The funding will be used so that OpenAI can acquire NVIDIA-manufactured processors that make it possible to expand its ability to deploy data centres up to 10 gigawatts. The first phase of this partnership is expected to be started in the second half of 2026.

As a counterpart, Nvidia, the world's largest publicly traded company, will receive shares of OpenAI, one of its main customers.

EUROPE

EU seeks to postpone entry into force of regulation on deforestation

The European Commission (EC) is considering postponing the entry into force of the European Union Deforestation Regulation (EUDR). Instead of 30 December of this year, it proposes that it enters into force on 30 December 2026. In a letter from the member of the European Commission Environment, Water Resilience and a Competitive Circular Economy to the Chair of the Environment, Public Health and Food Safety of the European Parliament, the official argues that it is to “avoid uncertainties for authorities and operational difficulties for EU and third country stakeholders, and provide time to remediate identified risks”. It should be remembered that the regulation had already been postponed in December 2024 for a period of one year (see CEI Global Report, December 2024).

These difficulties are linked to the information system necessary to process the transactions of the products covered by the regulation. These include the magnitude of the obligations of operators importing and marketing the products, a problem that could not be solved despite the simplifications made. Another difficulty is the large volume of small packages imported by the EU and the number of opinions that authorities must issue on the data presented. If these issues are not addressed, the EC states that the information system will become excessively slow, limit compliance with the standards, and consequently affect trade in the products covered by the regulation.

There have been negative opinions in the European Parliament regarding its application. Likewise, in the bilateral agreement with the United States “Framework on an agreement on reciprocal, fair and balanced trade” the EU undertakes to “avoid undue impact on bilateral trade”.

The main criticisms to the implementation of the new regulations being postponed come from the environmental field. For example, the renowned World Resource Institute expressed that exporters from other countries have already invested in systems to meet the requirements and that the postponement will damage forests, the climate and the European credibility.

EFTA-Singapore Agreement on Digital Commerce

On 25 September, Singapore's Minister in charge of trade relations, Grace Fu, met in the city of Bern with representatives of the European Free Trade Association (EFTA) –Iceland, Liechtenstein, Norway and Switzerland– on the occasion of the signing of an agreement to boost cross-border digital trade.

The EFTA-Singapore Digital Economy Agreement (ESDEA) aims to improve connectivity between the parties, ensure that data can circulate safely and, in this way, promote digital trade.

ESDEA is expected to drive the setting of standards that promote paperless trade and electronic invoicing. It is also expected to provide flexibility for companies using digital trade based on interoperability between electronic payment systems while protecting personal data and other rights of the consumers who choose this route of exchange of goods and services.

SOUTH AND CENTRAL AMERICA

Signing of Mercosur-EFTA Free Trade Agreement

After the conclusion of Mercosur–EFTA Agreement negotiations (see CEI Global Report, July 2025), the signing of the commitment between the two blocs was finalised in September. This took place in Rio de

Janeiro and brought together the member states of Mercosur and the members of the European Free Trade Association (EFTA). This constitutes a milestone in the international integration policy of the South American bloc, after more than seven years of negotiations, started in Buenos Aires in 2017 and developed over fourteen formal rounds.

The agreement will give rise to a free trade area of nearly 300 million people, with overall GDP of more than USD 4.3 trillion. Imports from EFTA countries exceed USD 470 billion annually, opening up opportunities relevant to the region's exports. Particularly for Argentina, products such as wine, beef, peanuts, biodiesel, olive oil, nuts, honey and fishery products stand out, all of which have a potential for expansion in markets with high purchasing power.

Regarding tariffs, Iceland will eliminate 100% of tariffs on imports from Mercosur, Norway will eliminate 99% and Switzerland, 98.8%; while the South American bloc will reduce import tariffs on 97% of its trade with EFTA. Likewise, the treaty incorporates commitments in areas such as trade in services, intellectual property –with the recognition of 108 Argentine geographical indications by Switzerland–, public procurement, rules of origin and a chapter on trade and sustainable development.

Upon signature, each State shall advance internal approval and ratification processes. Once in force, the Mercosur–EFTA Treaty is projected as a key instrument to grant predictability and legal certainty to bilateral trade, while opening up new business opportunities for companies in the region.

Argentina has been declared free of avian influenza and resumes poultry trade

The National Food and Health Service (SENASA) announced the end of the outbreak of highly pathogenic avian influenza (HPAI) H5 detected in August in the town of Los Toldos, province of Buenos Aires. With this self-declaration of the status of virus-free country Argentina is putting an end to an episode that had been affecting the normal development of avian and poultry trade, and is opening a new stage of dialogue with its foreign partners to reactivate markets and restore exports.

After completing the tasks of slaughter, burial, cleaning and disinfection, and having spent more than 28 days without new cases, the agency sent the report officially restoring the health status of Argentina to the World Organization for Animal Health (WOAH).

The document sent to WOAH describes the steps taken since the notification of suspicion, in line with international health recommendations. Its publication reinforces the transparency of the Argentine health system and the confidence of importing countries in Argentina's control and response capacity.

After the restoration of this health status, Argentina resumes poultry trade and existing trade relationships. At the same time, SENASA will continue with a permanent epidemiological surveillance scheme throughout the national territory.

In commercial terms, the poultry complex exported a total of USD 260 million in 2024, which accounted for 0.3% of total Argentine exports with a year-on-year growth of 20.9%. Almost 60% corresponded to meat and offal –mainly pieces and offal of frozen roosters or hens–, while the rest was distributed among whole frozen poultry, eggs and other poultry products. The main destination regions were the Middle East (USD 64 million) and the Association of Southeast Asian Nations (ASEAN), USD 35 million.

Colombia and Japan strengthen their agribusiness cooperation

In September, the Memorandum of Cooperation between the Ministry of Agriculture, Forestry and Fisheries of Japan and the Ministry of Agriculture and Rural Development of Colombia was signed, with the core objective of establishing an institutional mechanism to promote bilateral cooperation in the agricultural and agribusiness sectors between the parties.

In economic and commercial terms, the Memorandum of Cooperation seeks to establish a framework of fluid and effective dialogue between the public and private sectors of Colombia and Japan, with the purpose of promoting investment, fostering productive innovation and the exchange of agricultural goods and services.

The agreement contemplates bilateral cooperation in strategic areas such as technological innovation, scientific research, sustainable production, non-tariff measures and trade facilitation. It also provides for the promotion of joint ventures and investments. To monitor and coordinate these initiatives, a Joint Committee on Agriculture and Agricultural Investment was established, which will be in charge of implementing the commitments made by both parties.

In this context, it should be noted that the negotiations of the Economic Partnership Agreement (EPA), initiated in December 2012, are ongoing. The EPA covers a total of 18 chapters, including those related to cooperation, intellectual property, public procurement and trade facilitation. To date, 16 chapters have been concluded and agreed upon, subtracting only the definition of those related to rules of origin and market access.

NORTH AMERICA

US: new sector tariffs on wood and furniture

US President Donald Trump signed a Proclamation imposing tariffs on imports of timber, lumber and derivative products, in order to strengthen US industry and protect national security. The provision results from an investigation conducted by the Department of Commerce under Section 232 of the Trade Expansion Act of 1962.

The measure imposes a 10% duty on softwood imports that would begin to be collected as of 14 October. In turn, it establishes a 25% import tariff rate on certain upholstered furniture –which will increase to 30% on 1 January, 2026– and a 25% tariff on kitchen cabinets and toilets, which will go up to 50% as of 2026.

The Proclamation clarifies that the United Kingdom, the European Union and Japan will enjoy more favourable treatment, reflecting the terms of their trade agreements with the United States (see CEI Global Report, July and September 2025). Thus, the tariff on imports of wood and furniture from the UK will not exceed 10%, while in the case of Japan and the EU the sum of the MFN tariff and the one corresponding to Section 232 will not exceed 15%.

In addition, in a series of social media posts, Trump referred to two other ongoing investigations and said it will impose, as of 1 October, a 100% tariff on all branded or patented pharmaceutical products unless the manufacturer is actively building production facilities in the US territory, as well as an additional 25% tariff on all imported heavy trucks.

On 26 September, the US Department of Commerce announced the initiation of two further investigations under Section 232 of the Trade Expansion Act of 1962. Thus, the total number of sectors under examination is ten.

The investigations –to be carried out by the Bureau of Industry and Security– will examine the implications for national security of the imports of robotics and industrial machinery (encompassing robots and computer-controlled programmable mechanical systems, including machine tools and metal working equipment), as well as medical products (comprising personal protective equipment, medical consumables, and medical equipment and devices). The findings must be submitted to President Trump by 30 May 2026.

Mexico seeks to increase tariffs on almost 1,500 products

Mexican President Claudia Sheinbaum sent an initiative to Congress seeking to increase tariffs on the imports of almost 1,500 products from those countries with which Mexico does not have a free trade agreement.

The document proposes to reform the General Import and Export Tax Act (LIGIE, for its name in Spanish) to increase the import tariffs paid by various goods belonging to the automotive sectors; motorcycles; trailers; steel and aluminium; apparel and textile industry; footwear and leather goods; plastic; appliances; toys; furniture; paper and cardboard; and glass.

If the initiative succeeds, an important amount of the tariffs applied will be raised to the maximum limit allowed at the WTO for each product (called "bound tariffs"), so that it would be moved from around 10% to 20% tariff rates to new ranges between 35% and 50%.

Imports originating from countries with which Mexico has free trade agreements in force will not be affected by these new tariffs and will continue to benefit from the preferential tariff treatment agreed upon in a timely manner.

The measure is part of the 2026 Economic Package presented by the Federal Executive and is framed within the government's strategy to boost the domestic market and even out trade imbalances. It seeks to align with the objectives of the National Development Plan and of the Mexico 2030 Plan, with the goal that at least 50% of the strategic supply of production chains comes from the national industry.

The proposal was sent on 9 September to the House of Representatives and, if approved, it will be sent to the Senate. If this stage is successfully passed, it will take effect 30 days after it is enacted and will be in effect until 31 December 2026.

US government shutdown

On Wednesday, 1 October, the US Federal Government closed, after Republicans and Democrats failed to reach an agreement to extend federal funding for a few weeks as policymakers finished working on the 2026 budget project.

One of the main points of conflict between the senators of both political parties is the extension of government subsidies to health insurance.

The lack of agreement means that federal agencies will start running out of budget funds, causing some non-essential operations to stop. Immediate effects include the closure of agencies, national parks and museums, as well as the freezing of wages of federal employees, including those who must remain in their positions, such as the military forces and air controllers.

Government shutdowns are a common tool in budget negotiations in Washington. The last one had taken place in 2019, during Donald Trump's first term, and lasted 35 days (see CEI Global Report, January 2019).

ASIA AND OCEANIA

Indonesia reaches agreements with the EU and Canada

Indonesia and the EU concluded negotiations for a Comprehensive Economic Partnership Agreement (CEPA), which had begun in 2016. The agreement is expected to strengthen trade relations between the partners and to enable the expansion of bilateral trade—currently amounting to just over USD 30 billion—through access to a combined market of 700 million consumers.

To achieve this objective, when the instrument whose letter was agreed to enters into force, the parties will eliminate import tariffs of more than 98% of the tariff lines. Among the Indonesian goods that will be able to enter the EU without paying duties are palm oil, footwear and textiles, while others such as rice, sugar and bananas will maintain the tariffs in force.

The agreement will protect 221 EU and 72 Indonesian geographic indications and allow European services exporters to do business in the Asian country without the need to enter into agreements with Indonesian companies, including in the telecommunications sector.

For the CEPA to be ratified the European Parliament and EU Council have to approve it (with simple majority in the first case and qualified in the second) and to the extent that Indonesia also ratifies it, it will come into force.

A few days later, Indonesian President Prabowo Subianto and Canadian Prime Minister Mark Carney announced the new Canada-Indonesia Comprehensive Economic Partnership Agreement (CEPA). This is Canada's first bilateral trade agreement with an ASEAN member country.

The agreement –effective as of 2026, once ratified by Parliaments in both countries– seeks to eliminate or reduce tariff and non-tariff barriers, create a more transparent and predictable environment for trade and investment, and open up new opportunities in sectors such as clean technologies, agri-food, infrastructure, critical minerals and financial services.

Once the agreement is fully enforced, more than 95% of Canadian exports to Indonesia will have zero or reduced tariffs. It also expects more than 90.5% of Canadian tariffs on Indonesian imports to be eliminated.

In 2024, Indonesian exports to Canada reached USD 2.3 billion and consisted mainly of electrical machinery and equipment, rubber, knitwear, precious stones and metals, and footwear. Imports from Canada were valued at more than USD 1.6 billion. The main products imported were cereals, fertilisers, wood pulp, soybeans and machinery.

China announces WTO position change

At a forum organised by China on the sidelines of the 80th General Assembly of the United Nations, Chinese Prime Minister Li Qiang announced that from now on China will renounce Special and Differential Treatment in trade negotiations within the framework of the WTO.

This information was later confirmed by the Vice Minister of Commerce and Representative for International Trade, Li Chenggang, who, at a press conference in Beijing, said that China remains the largest developing country in the world, but that it will no longer seek special treatment in its trade negotiations.

The provisions referring to special and differential treatment within the WTO "confer special rights on developing countries and allow other members to grant those countries more favourable treatment", such as, for example, the possibility of obtaining technical assistance from abroad and longer periods to begin implementing the agreements reached.

AFRICA

Ethiopia opens Africa's largest hydroelectric dam

On 9 September, the Ethiopian government announced the complete start of operations of the so-called "Grand Ethiopian Renaissance Dam" (GERD), located on the Blue Nile River (main tributary of the river Nile), 30 km away from the border with Sudan. This is the largest dam in Africa and one of the largest infrastructure works carried out in recent decades in African territory.

Sources officials have reported that the completion of the works– started in 2011, at a cost of around USD 5 billion– will allow Ethiopia to have an installed capacity of more than 5,000 megawatts, to supply an electricity network that had several deficiencies. Out of a population of 126 million inhabitants, according to official data by 2023, 65 million currently do not have access to electricity. The government hopes that this works will also allow Ethiopia to become a key energy supplier to its neighbouring countries.

The Ethiopian authorities also believe that the inauguration of the GERD will allow the country to position itself as a key player in the fight against drought and floods in the region (through the water regulation of the dam), as well as in the fishing and tourism sectors.

Egypt and Singapore explore the possibility of signing FTA

Between 19 and 22 September, President of Egypt, Abdel Fattah Al Sisi, welcomed the President of Singapore, Tharman Shanmugaratnam, on a state visit. Within this framework, the leaders agreed to initiate the feasibility assessment for a free trade agreement (FTA) between both countries, which would allow them to take advantage of their complementarities, as well as their respective geographical locations, considered strategic.

The visit concluded with the signing of various cooperation agreements in the fields of economics, maritime transport, health, agricultural technology research, promotion of small and medium-sized enterprises, and development of start-ups, among other topics.

The President of Singapore was also welcomed by Egyptian Prime Minister, Mostafa Madbouly, to address an agenda that included issues of mutual interest such as Egypt's economic development plans, investment opportunities for Singaporean companies and possible cooperation initiatives related to water management and innovation in port and airport matters.

As highlighted by the communication issued by the Ministry of Foreign Affairs of Singapore, these meetings were within the framework of an excellent harmony between both countries and aimed at preparing the celebrations for the 60 years of the bilateral relationship, which will take place during 2026, for which the visit of the Egyptian president to Singapore is expected.

Regarding the agreements, it should be noted that both countries have signed FTAs with Mercosur: the agreement Mercosur-Egypt was signed in August 2010 and the agreement Mercosur-Singapore was signed in December 2023.

Critical minerals: DRC eases restrictions on cobalt exports

The Democratic Republic of the Congo (DRC) has ordered the application of a quota system for the exports of cobalt as of 16 October. This measure seeks to reconvert the export ban on the aforementioned mineral, established by the authorities in February and extended in June (see CEI Global Report, July 2025).

The objective of the measure issued in February of this year had been to curb the free fall recorded during the last years in the international cobalt price, which includes a historic drop between the years 2022/2023 and seek alternatives that promote the development of a national industry linked to the applications of the mineral.

In turn, this new provision seeks to rehabilitate international trade in the face of local production that has been continuously accumulating in the country during the last seven months.

According to specialised sites, the measure–which establishes a total quota of 18,000 tonnes for the months of October to December 2025 and an annual quota of 96,600 tonnes by 2026, likely to be replicated by 2027– will represent a turning point in the international cobalt market.

Thus, although the volumes planned for the 2026 and 2027 quotas replicate the export figures of year 2020 (prior to the collapse of international prices), this restriction could represent a great challenge for the Chinese mining giant CMOC (main operator of Congolese cobalt), which required almost 96,000 tonnes of the mineral in 2024 to supply the needs of the Chinese industry. In turn, according to the specialised press, only China's electric vehicle industry could require volumes of more than 50,000 tonnes per year for the next biennium.

The DRC is the largest producer of cobalt in the world, with approximately 75% of global production. This critical mineral is used mainly in the production of automobiles and mobile phones manufacturing, as well as other uses linked to military and defence technology.

CEI GLOBAL REPORT

Closing date of this issue: 30 September 2025

Ministry of Foreign Affairs,
International Trade and Worship
Argentine Republic