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# CEI GLOBAL REPORT

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International  
Economy



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## IMF: the impact of the Middle East war on the global economy

The International Monetary Fund published a [speech](#) by its Managing Director, Kristalina Georgieva, on its website, in which she outlines the main consequences of the war in the Middle East for the global economy and describes the effects of the conflict as a large, negative, global and asymmetric supply shock.

Regarding the scale of the conflict's impact on the global economy, Georgieva notes that the final outcome will depend on how quickly the situation normalises, but rules out the possibility that –even in the most positive scenario– the expected GDP growth will remain unaffected. Damage to infrastructure and the problems caused in supply chains alone entail long-term negative economic effects. As an example, she cites the case of the Ras Laffan complex in Qatar, that produced 93% of the liquefied gas in the Persian Gulf and which, following the attack it suffered on 19 March, is estimated to take between 3 and 5 years to recover its production capacity.

Furthermore, she refers to the fact that the global oil supply flow has decreased by 13% since the start of hostilities and that of liquefied natural gas by 20%. While at the end of February the barrel of oil (Brent) was trading at around USD 70, by the end of April it cost nearly USD 120.

Regarding the scope of the impact, she points out that it is not limited to the countries of the conflict zone and highlights the main channels through which it is transmitted to the rest of the world, namely the effect on prices caused by the scarcity of hydrocarbon supply, rising inflationary expectations and the worsening of financial conditions, especially in emerging countries.

Finally, Georgieva highlights the uneven nature of the impact. Aside from the effects on the countries directly affected by the war, she divides the rest between those who were able to continue exporting oil and gas without issues –the least affected– and the net oil importers, who have the most to lose and represent 80% of the world's countries.

## United Arab Emirates withdraws from OPEC

On 28 April, the government of the United Arab Emirates [announced](#) its decision to withdraw from the Organization of the Petroleum Exporting Countries (OPEC), of which it had been a member since 1967, and from the OPEC+ alliance, effective 1 May.

According to the statements by Emirati officials, the decision stems from a review of the national production policy and the need for greater autonomy when making decisions regarding the country's current and future hydrocarbon supply.

Until the UAE's departure, OPEC had 12 members, in addition to 10 of the OPEC+ alliance. The objective of the organisation is to coordinate and unify its members' oil policies in order to stabilise the global oil market and regulate supply through a quota system, thereby ensuring stable revenues for producing countries.

The decision to withdraw from the organisation comes at a time when the country's economy is being particularly affected by the war raging in the region. In addition to bringing about difficulties for the hydrocarbon trade, the conflict is affecting sectors such as transport and tourism, in which the UAE has made large investments.

The UAE's exit is significant for the agency, as it is the world's third-largest [oil exporter](#) after Saudi Arabia and Iraq. According to OPEC itself, prior to the war, the UAE was producing approximately 3.4 million barrels of crude oil per day, a figure that fell to 1.5 million barrels per day as a result of the conflict.

Being part of OPEC limited the potential for expansion of the UAE's oil sector. The state-owned oil company ADNOC has stated its intention to increase its production capacity to 5 million barrels per day by 2027 and recently announced a USD 55 billion investment plan for the sector for the 2026-2028 period.

This is not the first time a country has decided to leave OPEC to gain autonomy in terms of oil supply: in recent years Angola, Ecuador, Gabon, Indonesia and Qatar have left the organisation.

## EUROPE

### **The EU publishes a report on simplifying the Deforestation Regulation**

The European Commission (EC) has published a report on the simplification of the revised version of the Regulation on deforestation-free products (see CEI Global Report, December 2025), which was carried out as agreed last December by the European Council and the European Parliament.

The aim is to reduce the administrative burden of implementing deforestation rules; lower compliance costs; provide tools to facilitate trade, assess risk and due diligence; and make rules clearer for operators to apply. Moreover, the report shows how they contribute to changes in supply chains and to investment in traceability and transparency.

This package of measures includes products, such as soluble coffee and certain palm oil derivatives, and excludes others such as leather and retreaded tyres of rubber.

The regulation will enter into force on 30 December 2026, except for small and microenterprises, for which it will apply from 30 June 2027.

### **In the wake of the Middle East crisis, the EU introduces temporary aid measures**

The European Commission has adopted a temporary aid framework so that members can support the economic sectors most affected by the consequences of the crisis in the Middle East.

The EC established, through Communication C/2026/2593 of 5 May, that the measures taken must comply with the condition that they do not hinder the transition to clean energy, do not create “new strategic dependencies”, are time-limited and do not distort the internal market. The legal basis for its adoption is the Treaty on the Functioning of the European Union which, in its Article 107 (3), point (c), permits aid aimed at developing specific economic sectors by protecting them from recessionary situations. With this framework, the measures must encourage a change in the beneficiaries and prove to be necessary and appropriate; that is, without them, the beneficiary sector would be unable to improve on its own or remedy situations of lack of liquidity.

The aid will be awarded in the form of direct grants, tax advantages, guarantees and loans, and will not exceed 70% of the extraordinary costs derived from the market developments affected by the crisis in the Middle East.

The sectors eligible to receive it are as follows: i. agriculture, due to the rise in fertiliser prices and uncertainty regarding supply, as well as the increase in the price of fuel; ii. fisheries, transport –whether land, sea or air–, and power generation, owing to fuel prices. It is important to mention that this benefit will be granted until 31 December 2026.

## The EU restricts steel imports

The European Parliament and the European Council agreed to tighten restrictions on steel imports, in order to counter the effects of global overcapacity. The agreement reduces the duty-free steel import quota to 18.3 million tonnes per year, 47% less than the volume set for 2024, and doubles the tariff on extra-quota imports, from 25% to 50%.

This measure will replace the safeguard in force since June 2018, which expires on 30 June. The Commission is therefore negotiating with the other steel-exporting WTO members on the quota volume allocated to each country, in order to comply with the multilateral rules on safeguards.

## SOUTH AND CENTRAL AMERICA

### The Mercosur-EU agreement comes into force

The Interim Trade Agreement signed in Asunción on 17 January by the authorities of the Mercosur member countries and the European Union has been in force since 1 May.

The commitment includes the elimination of tariffs on 92% of Mercosur exports to the European bloc, worth approximately USD 61 billion, and the possibility of preferential access for a further 7.5%, equivalent to USD 4.7 billion.

It is estimated that, thanks to the agreement, Argentine exports to the EU will grow by around 76% in the first five years of the implementation and by up to 122% in the first ten years. If these projections were met, our country's sales to the EU would exceed USD 15 billion in 2030 and would reach around USD 19 billion in 2035.

### Trade dispute between Colombia and Ecuador continues

The trade tensions between Colombia and Ecuador, which began in January, when Daniel Noboa's government imposed 30% tariffs on its neighbour on the grounds that it needed to strengthen security along the shared border (see CEI Global Report, April 2026), continued throughout April.

Having raised tariffs on products from Colombia to 50% in March, the Ecuadorian government decided to increase them to 100% in April, with some exceptions such as oil products, energy generation and similar goods.

In response, the Colombian Minister of Commerce, Diana Morales, announced that the country would apply reciprocity; however, days later the Colombian government opted to apply a system of tiered tariffs of 35%, 50% and 75% for different groups of Ecuadorian products, according to their availability in the Colombian market and substitution capacity.

The highest rate applies to goods such as rice, sugar and coffee, vegetable oils, textiles, chemicals, metals and plastics. A 50% tariff is levied on seafood and wood, among others. Basic foodstuffs, such as bananas and beans, and certain chemicals, are subject to a tariff of just 35%.

Finally, Ecuador decided to reduce the bilateral tariff from 100% to 75%, which will come into force on 1 June, as a gesture to ease trade tensions and "move towards mechanisms for bilateral cooperation on security matters".

## New economic growth projections from ECLAC

According to ECLAC'S latest regional economic growth estimations, GDP in Latin America and the Caribbean is set to rise by 2.2% in 2026, a 0.1 p.p. decline compared with the December 2025 projections.

The drop in estimated growth for this year is expected to affect 24 of the 33 countries in the region. According to the organisation, rising geopolitical tensions and conflict in the Middle East have led to lower expectations, given the increase in global uncertainty and volatility in financial and commodity markets. In particular, the surge in oil prices has generated inflationary pressures and projects a lower dynamism of international trade.

South America is expected to grow 2.4% in 2026, slightly less than the 2.9% positive change presented by its GDP in 2025. Among the countries with the best growth prospects for this year are Venezuela (6.5%), Paraguay (4.5%) and Argentina (3.3%).

## NORTH AMERICA

### US: changes in import tariffs of steel, aluminium and copper

The US government has revised import tariffs on steel, aluminium, copper and their derivative products, imposed in mid-2025 under Section 232 of the Trade Expansion Act of 1962 (see CEI Global Report, June and August 2025).

According to the new Proclamation published by the White House, as of 6 April 2026, the system shifted from a single additional tariff of 50% –calculated on the value of the metal content of the imported product– to a four-tier scheme with rates of 0%, 15%, 25% and 50% –applied to the total value of the product–. In addition, seven products have been added to the 1,055 covered by the previous regime.

Consequently, imports of base metals and related derivatives, made entirely or almost entirely of aluminium, steel or copper, will face a tariff of 50% (554 products). External purchases of manufactured items –including machinery, vehicles, electrical equipment and construction materials– will be subject to a 25% tariff (326 products). Furthermore, certain industrial equipment with high metal content and specific equipment for electrical networks (38 products) will be temporarily subject to a minimum rate of 15% (only when the most favoured nation –MFN – tariff is less than 15%, otherwise the MFN tariff will apply). This 15% tariff will be implemented until the end of 2027 after which it will rise to 25%. The last group consists of items excluded from the scheme, which will enter without an additional duty (144 products).

The regulation introduces certain exceptions. Imported products manufactured from US metal benefit from a reduced rate of 10%, while parts for the production of motorcycles in the US are exempt, as are items whose metal content is less than 15% of the product's total weight (this exception only applies to those imports subject to tariffs of 15% and 25%). Likewise, imports containing at least 95% of British-origin steel or aluminium benefit from a rate of 25% (instead of 50%) and 15% (instead of 25%). Finally, products containing Russian aluminium remain subject to an additional 200% tariff.

The Proclamation clarifies that these tariffs are not cumulative: in the event that a product contains more than one metal or is subject to different rates, only the highest of them will apply.

Likewise, the modification of tariffs does not alter or replace the measures adopted in previous agreements with the United Kingdom, the EU, Japan and South Korea with respect to those goods that are governed by the WTO Agreement on Trade in Civil Aircraft and which are civil aircraft or are used as parts for such aircraft.

## US imposes tariffs on pharmaceutical products

The United States government has issued a Proclamation establishing 100% tariffs on imported patented pharmaceuticals and associated active pharmaceutical ingredients (APIs), with the stated goal of strengthening the US national security and public health.

The measure follows an investigation initiated in April 2025 by the Department of Commerce under Section 232 of the Trade Expansion Act of 1962 (see CEI Global Report, May 2025), which found a heavy reliance on external sources. According to the results of the investigation, more than half of the patented pharmaceutical products distributed in the US market are produced abroad and only 15% of the volume of patented APIs is produced in the United States, so it is concluded that imports of pharmaceutical products threaten to undermine national security.

The rule provides that imports of certain patented pharmaceutical products and associated pharmaceutical ingredients will be subject to a 100% *ad valorem* tariff. The tariffs will come into force on 31 July for 17 companies –specified in Annex III of the Proclamation–, and 60 days later for the remaining companies.

Pharmaceutical products originating from countries with trade agreements –the European Union, Japan, Korea, Switzerland or Liechtenstein– will be subject to a 15% tariff, while those from the United Kingdom will be subject to a 10% tariff, subject to the pharmaceutical agreement concluded in April.

Furthermore, those companies that enter into (or have already signed) MFN pricing agreements with the Department of Health and Human Services and relocation agreements with the Department of Commerce will be exempt from the tariff until 20 January 2029. Companies that only enter into relocation agreements will be taxed at a tariff of 20%.

As of the date of the proclamation, the following 13 companies had done so: AbbVie, Amgen, AstraZeneca, Bristol Myers Squibb, Boehringer Ingelheim, Eli Lilly, EMD Serono, Genentech, Gilead Sciences, Merck Sharp & Dohme, Novartis, Novo Nordisk and Sanofi.

Generic pharmaceuticals, biosimilars and associated ingredients are not subject to tariffs. Animal health medicines and other specialty pharmaceuticals will be exempted if they come from countries that are signatories to the trade agreement or if they meet an urgent public health need.

## Canada establishes a sovereign wealth fund

Canadian Prime Minister Mark Carney has announced the launch of the “Canada Strong Fund”, the country’s first sovereign wealth fund, with the aim of financing major development projects.

Through an initial government contribution of 25 billion Canadian dollars (approximately USD 18.4 billion), the Fund will strategically invest, along with the private sector, in Canadian energy, infrastructure, mining, agriculture and technology projects and companies.

Returns will be reinvested to grow the fund. Furthermore, the government will create a retail investment product so that Canadian citizens can contribute to the fund and share in its financial benefits.

It should be noted that other countries rich in natural resources, such as Norway, Singapore and Saudi Arabia, have long used this type of funds, in which they invest their surplus revenue from raw material exports (or other surpluses), mainly in financial assets, usually foreign ones.

**India and New Zealand sign free trade agreement**

On 27 April, India’s Minister of Commerce and Industry, Piyush Goyal, and New Zealand’s Minister of Trade and Investment, Todd McClay, signed a free trade agreement between the two countries. The negotiations, which concluded in December 2025, lasted nine months and followed previous attempts, which had begun in 2010.

The commitment will reduce or eliminate tariffs on 95% of New Zealand’s exports to India. 57% will benefit from immediate elimination, a figure that will rise to 82% over time. Likewise, tariffs on 13% of exports will be reduced. In return, New Zealand will eliminate tariffs on all Indian exports and has pledged to invest USD 20 billion in the Asian country over the next 15 years.

Among the New Zealand products benefited by the negotiations are more than 95% of forestry, sheep meat, wool and coal, which will be duty-free immediately. The main exports of fish and seafood will do so over a seven-year period; there will also be gradual elimination for cherries, avocados, blueberries and persimmons.

There will be tariff quotas for kiwis and apples, and tariff reductions for wine, honey and some dairy products (others have been excluded from the negotiation). The deal also includes a quota of 5,000 temporary work visas for Indian professionals and 1,000 work and holiday visas.

**South Korea achieves record current account surplus**

In February, South Korea achieved the largest monthly current account surplus in its history. The positive result was USD 23.2 billion, and was determined by the outcome of the balance of goods, which recorded a surplus of USD 23.4 billion. South Korean foreign sales grew almost 30% year-on-year and exceeded USD 70 billion, while imports reached USD 47 billion.

Exports were boosted by the increase in sales of semiconductors, which rose by 157.9%, electrical and electronic products (104.7%) and equipment related to information and communications technology (67.8%). Sales to Southeast Asian countries grew by 54.6%, to China by 34.1%, to the United States by 28.5% and to the European Union by 10.3%. Exports to the Middle East (-1.2%) and Latin America (-2.1%) fell.

The services account, meanwhile, recorded a deficit of USD 1.9 billion, mainly explained by an increase in overseas travel by South Korean residents.

The country has had a current account surplus since May 2023, so it completed 34 consecutive months with a positive result. In 2025, it had the largest annual surplus in its history (USD 123.1 billion).

**Increased sea flow through Cape of Good Hope**

The crisis in maritime navigation derived from the war in the Middle East has put the focus on the main alternative routes to the Strait of Hormuz. Among those options is the Cape of Good Hope.

Located in the southern part of South Africa, it is one of the main routes for world trade and a major point in the transport of oil and liquefied natural gas. Unlike the main routes in the region, such as the

Suez Canal, the Strait of Malacca or the aforementioned Strait of Hormuz, sailing around the Cape of Good Hope configures an open ocean route around the southern tip of the African continent. It is, therefore, a route practically impossible to block, at least in the traditional sense of the term, but recognised for incurring higher costs and greater delay in navigation deadlines (as it adds 10 to 15 days to traditional deadlines).

In recent weeks, the press has put the spotlight on the increase in transit through the Cape of Good Hope in general, focusing mainly on the transport of crude oil and petroleum products registered through said route. However, some analyses related to this increase in navigation originate even before the complications derived from the current crisis in the Strait of Hormuz, and identify as a basis several of the conflicts that have affected the Middle East and the Red Sea area in recent years (as an example, see CEI Global Report, January 2024).

Thus, the US Energy Information Administration (EIA) highlights in its latest report the notable rise in the number of daily barrels of oil circulating through the Cape of Good Hope: it went from 6.1 and 6.2 million barrels per day for the years 2022 and 2023, respectively, to levels of between 9.3 and 9.1 million per day for 2024 and the first half of 2025, the latest available data.

However, according to some specialised studies, this increase in the flow of navigation does not necessarily bring South Africa an increase in revenues derived from maritime services (for the right of berthing, cargo handling, fuelling, maintenance and repair of ships, among others). According to experts, the behaviour of shipping companies that have increasingly opted for the Cape of Good Hope involves only transit through the open waters of the Cape, without docking in South African ports. In this regard, they agree that South Africa faces a challenge in this regard to improve the infrastructure of its ports. If this is achieved, this shift in international maritime routing could be reflected in a concrete increase in its revenue from navigation services that would compensate for the increase in demand for security and surveillance derived from becoming one of the busiest routes for international maritime transport.

## **Egypt boosts Ro-Ro corridor with Italy**

Within the framework of the complex context that is currently affecting global maritime transport, the international press has once again put the focus on the navigation corridor that, under the Ro-Ro modality, connects the Italian port of Trieste with the Egyptian port of Damietta through the Mediterranean Sea, indicating the increase in the commercial flow carried through that route.

Inaugurated in 2024, the corridor resumed an old route that had stopped working more than a decade ago. It is a cargo ferry especially oriented to the transport (in both directions) of perishable products, by virtue of its ability to carry refrigerated loads, although it is also frequently used for the transfer of textile and industrial products in general.

The port of Damietta is strategically located on the Mediterranean Sea, 10 km from one of the arms of the Nile Delta and between the ports of Said (northern entrance to the Suez Canal) and Alexandria.

The rolling load system or Ro-Ro mechanism (“roll on – roll off”) applied by this corridor allows trucks to move directly by sea and land without making any intermediate unloading. In the specific case of the Damietta-Trieste corridor, the system allows the agile transport of goods by sea and land, connecting through Egyptian territory with the Red Sea and resuming the maritime route to connect with Gulf markets.

In addition to the strategic role of the Suez Canal (see CEI Global Report, April 2026), Egypt has promoted its role as port hub (see CEI Global Report, January 2026) of the region and in that strategy the growing role of the Ro-Ro Damietta-Trieste corridor is framed.

## The WTO on regulatory transparency in five African markets

The World Trade Organization recently launched an initiative that seeks to strengthen the use of its ePing Platform on SPS and TBT (Sanitary and Phytosanitary Measures and Technical Barriers to Trade, respectively) in five African markets: Kenya, Namibia, South Africa, Tanzania and Uganda.

The Platform is a digital tool developed by the WTO, the International Trade Centre and the United Nations Department of Economic and Social Affairs to make it easier for public and private users to monitor sanitary and phytosanitary measures, as well as those related to technical barriers to trade applied by WTO members. Its users can, among other actions, consult notifications on new regulations and follow up on them; access information on trade concerns examined in the WTO, and identify contacts with the bodies responsible for notifications and with national and international counterparts.

The objective pursued with this initiative is to improve access to regulatory information of the five countries to raise the standards of transparency and predictability of their foreign trade and thus strengthen their insertion in global trade, particularly taking into account that the WTO identifies in African members an increasing share of SPS and TBT notifiers, within the more than 7,000 notifications surveyed for 2025 in the framework of the respective agreements.

The project, which will run for three years, is funded by the Standard and Trade Development Facility (STDF). Its central pillar will be the organisation of national and regional workshops that will combine hands-on training, peer exchange and needs assessment sessions to better understand how users of the ePing platform interact.

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