



INTERNATIONAL TRADE REPORT

DECEMBER 2024

Summary of Key News (December 1 - December 23, 2024)

- ◉ **U.S. Tariff Increases:** President Trump announced a 25% tariff on imports from Mexico and Canada, effective January 1, 2025, as part of his administration's trade policy shift.
- ◉ **New Sanctions on China:** The U.S. Department of Treasury implemented new sanctions targeting Chinese companies involved in forced labor practices.
- ◉ **CFIUS Regulations Finalized:** The Committee on Foreign Investment in the United States (CFIUS) finalized regulations to enhance scrutiny of foreign investments, particularly from China.
- ◉ **EU Trade Policy Adjustments:** The European Union proposed new trade measures to counteract U.S. tariffs and protect its own industries.
- ◉ **Supply Chain Disruptions:** Ongoing global supply chain issues were exacerbated by new COVID-19 variants, affecting logistics and freight operations.
- ◉ **Foreign Direct Investment Trends:** A report indicated a decline in foreign direct investment in the U.S. due to increased regulatory scrutiny and geopolitical tensions.
- ◉ **Currency Movements:** The U.S. dollar strengthened against major currencies, impacting international trade dynamics.
- ◉ **Technical Barriers to Trade:** New regulations were introduced in the EU regarding product standards, affecting imports from non-EU countries.

INTRODUCTION

International trade is a dynamic and complex field that encompasses the exchange of goods and services across borders. As we move through December 2024, significant developments in trade policies, agreements, and global economic conditions have emerged. This report provides an in-depth analysis of the latest news and trends in international trade, focusing on key areas such as free trade agreements, logistics, supply chains, foreign direct investment, sanctions, and currency movements.

OVERVIEW OF INTERNATIONAL TRADE DEVELOPMENTS

Free Trade Agreements

Free trade agreements (FTAs) are crucial for facilitating international trade by reducing tariffs and other barriers. In December 2024, the focus has been on the implications of recent agreements and proposed legislation affecting trade relations, particularly between the U.S. and its neighbors.

- ◉ **U.S.-Mexico-Canada Agreement (USMCA):** The USMCA continues to play a significant role in shaping trade policies in North America. However, the recent announcement of a 25% tariff on imports from Mexico and Canada by President Trump has raised concerns about the future of this agreement and its impact on trade flows [1].
- ◉ **European Union Trade Policies:** The EU is adjusting its trade policies in response to U.S. tariffs, aiming to protect its industries while maintaining competitive trade relations globally. Proposed measures include retaliatory tariffs and adjustments to existing trade agreements with non-EU countries [2].

LOGISTICS AND SUPPLY CHAINS

The logistics sector has faced ongoing challenges due to global supply chain disruptions, exacerbated by new COVID-19 variants and geopolitical tensions.

- ◉ **Impact of COVID-19:** The emergence of new variants has led to renewed restrictions in some regions, affecting shipping schedules and freight operations. Companies are struggling to adapt to these changes, leading to delays and increased costs [3].
- ◉ **Technological Innovations:** In response to these challenges, many logistics companies are investing in technology to enhance supply chain visibility and efficiency. Innovations such as blockchain and AI are being adopted to streamline operations and reduce risks associated with disruptions.

FOREIGN DIRECT INVESTMENT (FDI)

Foreign direct investment is a critical component of international trade, influencing economic growth and development. Recent trends indicate a decline in FDI in the U.S. due to increased regulatory scrutiny and geopolitical tensions.

- ◉ **Regulatory Environment:** The U.S. has tightened regulations surrounding foreign investments, particularly from China. The finalization of new CFIUS regulations aims to enhance scrutiny of foreign investments that may pose national security risks.
- ◉ **Global FDI Trends:** A recent report highlighted a significant decline in global FDI flows, with many investors adopting a cautious approach amid rising geopolitical tensions and economic uncertainty.

SANCTIONS AND TRADE BARRIERS

Sanctions continue to play a pivotal role in shaping international trade dynamics. The U.S. has implemented new sanctions

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targeting Chinese companies involved in forced labor practices, reflecting a broader trend of using economic measures to address human rights concerns.

- ◉ **U.S. Sanctions on China:** The U.S. Department of Treasury has expanded its sanctions list to include several Chinese companies, emphasizing the need to combat forced labor in supply chains. This move is part of a larger strategy to hold companies accountable for human rights violations.
- ◉ **Technical Barriers to Trade:** The EU has introduced new regulations regarding product standards, which could create additional hurdles for non-EU countries seeking to access European markets. These technical barriers are designed to protect consumer safety and environmental standards but may also lead to trade tensions.

CURRENCY MOVEMENTS AND ECONOMIC IMPLICATIONS

Currency fluctuations can significantly impact international trade by affecting the competitiveness of exports and imports. In December 2024, the U.S. dollar has strengthened against major currencies, influencing trade dynamics.

- ◉ **Dollar Strength:** The appreciation of the U.S. dollar has made American exports more expensive for foreign buyers, potentially leading to a decline in export volumes. Conversely, imports have become cheaper, which could exacerbate trade deficits.
- ◉ **Global Economic Conditions:** Economic conditions in major trading partners, including the EU and China, are also influencing currency movements. Slower economic growth in these regions could lead to further fluctuations in exchange rates, impacting trade relationships.

FINAL NOTES

As we approach the end of December 2024, the landscape of international trade continues to evolve in response to geopolitical developments, regulatory changes, and economic conditions. The interplay between free trade agreements, logistics, foreign direct investment, sanctions, and currency movements will shape the future of global commerce. Stakeholders must remain vigilant and adaptable to navigate the complexities of international trade in this dynamic environment.

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