



# NAVIGATING SHIFTING CURRENTS

REMARKS TO A PANEL DISCUSSION ON THE “GLOBAL  
TRADE LANDSCAPE AND WORLD ECONOMY” AT THE PECC  
32ND GENERAL MEETING

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SEOUL, KOREA  
12 AUGUST 2025

# MAJOR POINTS



## I. “MEGATRENDS”

- Fragmentation
- Digitalization
- Socialization

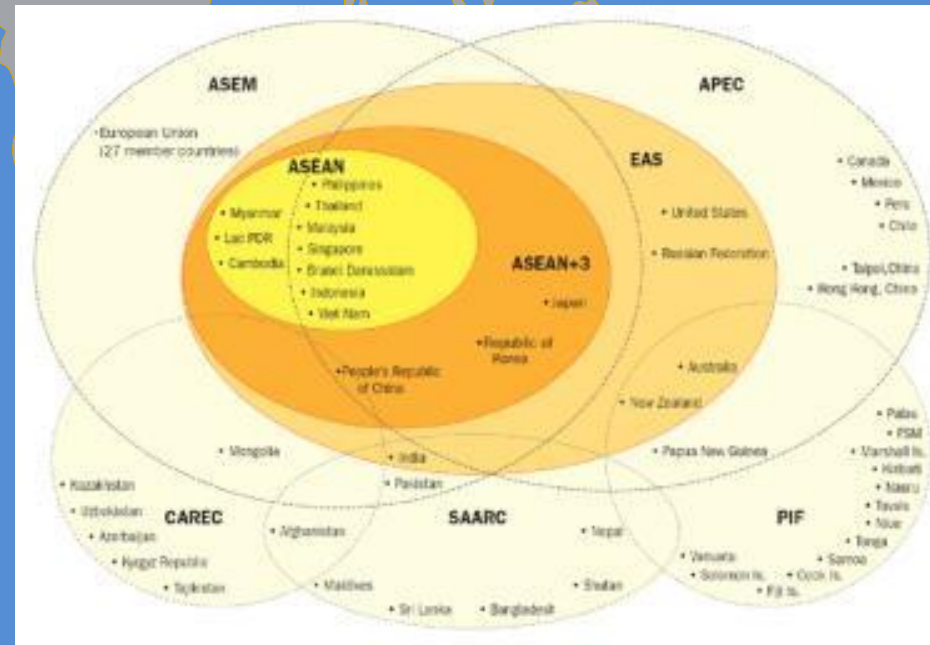
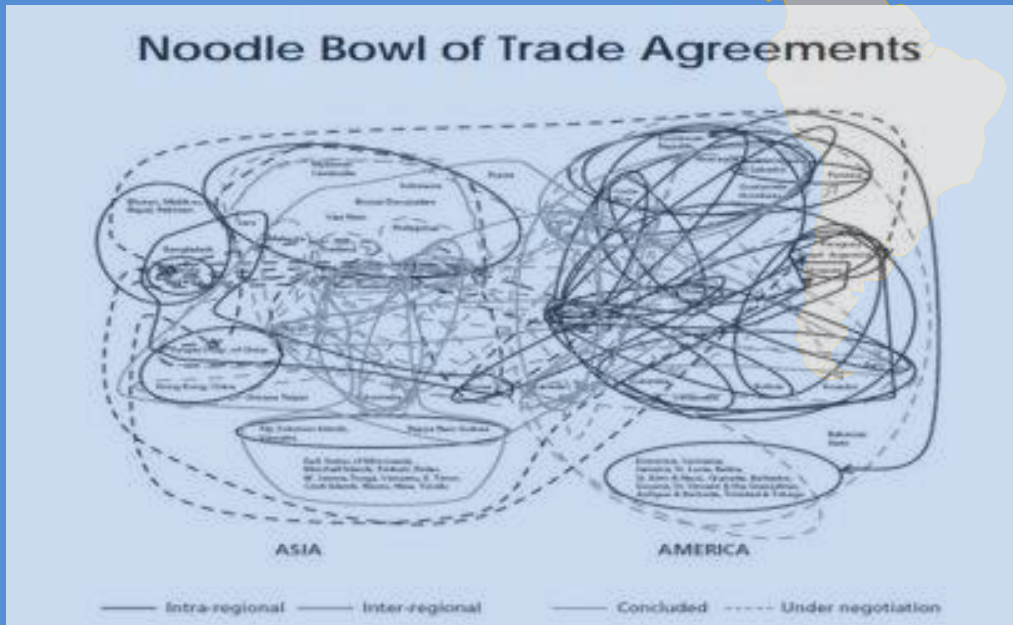
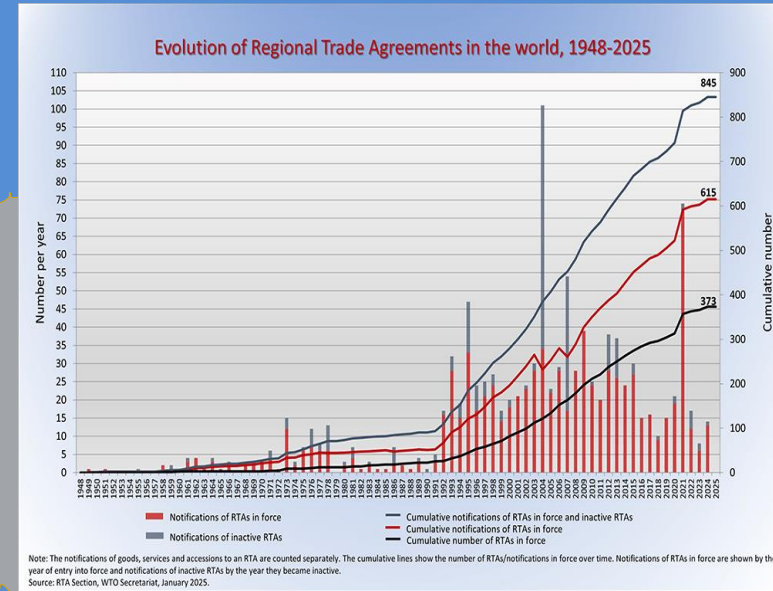
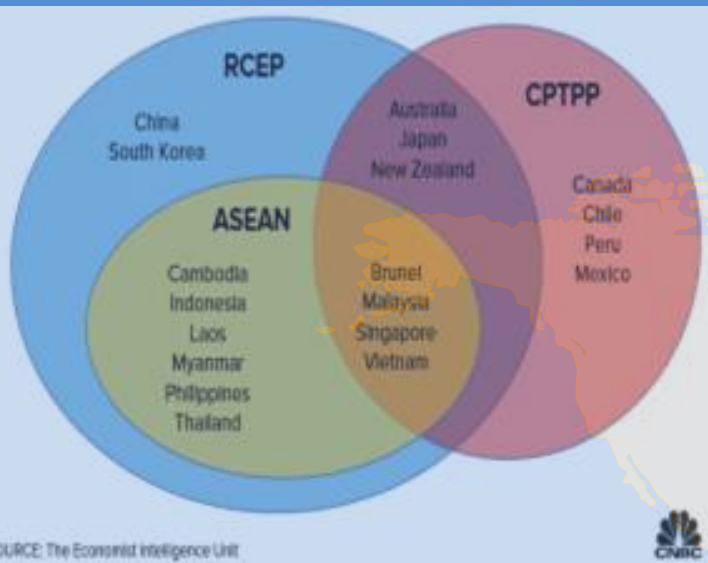
## II. CURRENT CHALLENGES

- Return of the Tariff
- Economic Security
- Resulting Volatility and Uncertainty

## III. IMPLICATIONS FOR TRADE RECONFIGURATION, TECHNOLOGICAL TRANSFORMATION, AND DEMOGRAPHIC TRANSITION

- A world of clubs, coalitions, and sectoral initiatives
- Risk of digital patchworks
- The people dimension: education and skills, structural adjustment

# 1. FRAGMENTATION



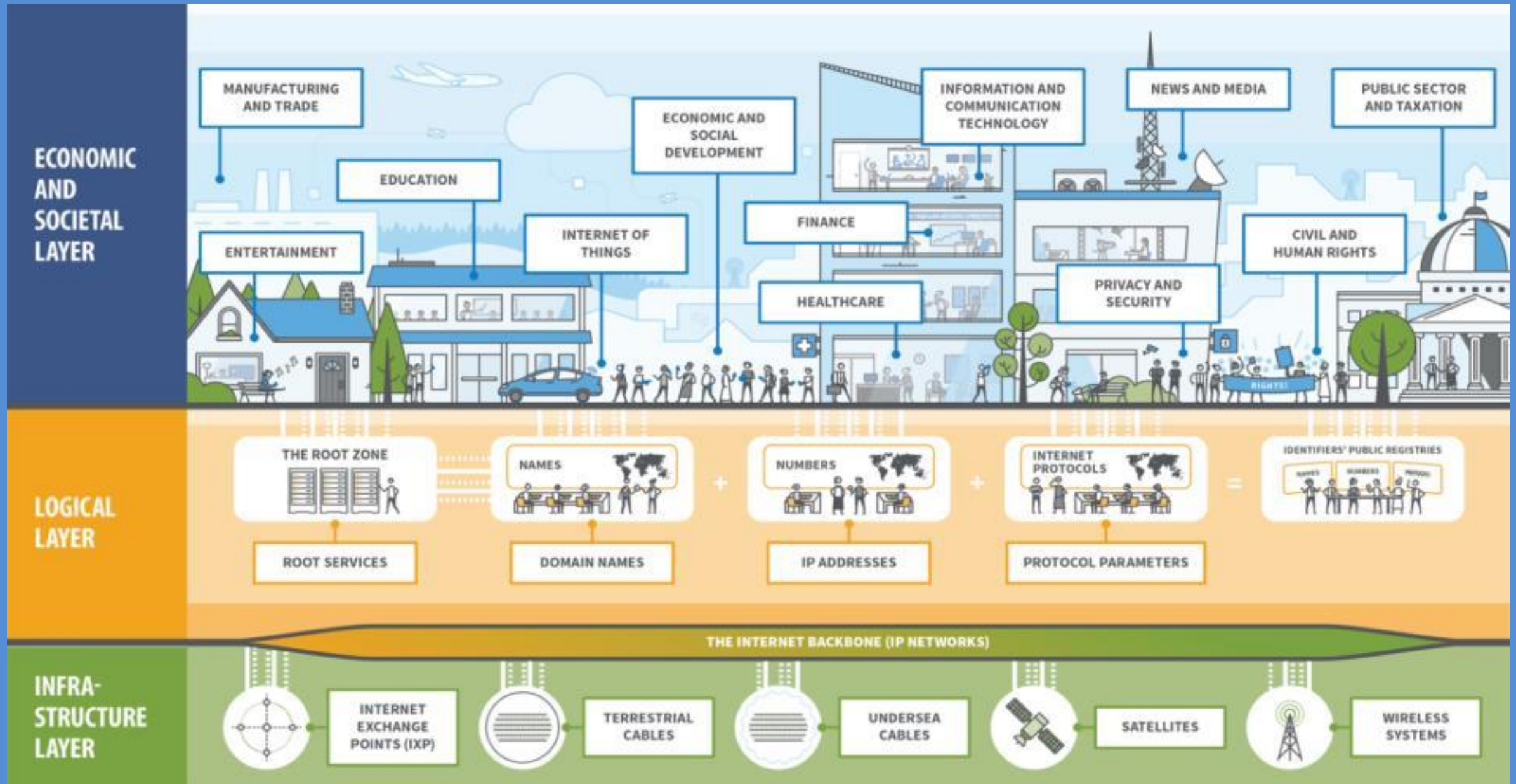
# 1. FRAGMENTATION, CONT'D

- **154 WTO members** ( $\approx 93\%$ ) engage in one or more plurilateral initiatives.
- Only **12 members** do not participate in any (these include Bangladesh, Cuba, Egypt, Ghana, India, Jordan, Nepal, Pakistan, South Africa, Sri Lanka, Tanzania, Tunisia)
- These initiatives include **e-commerce, investment facilitation, services domestic regulation, MSMEs, gender equality, environmental goods, and the MPIA (dispute settlement arbitration mechanism)**

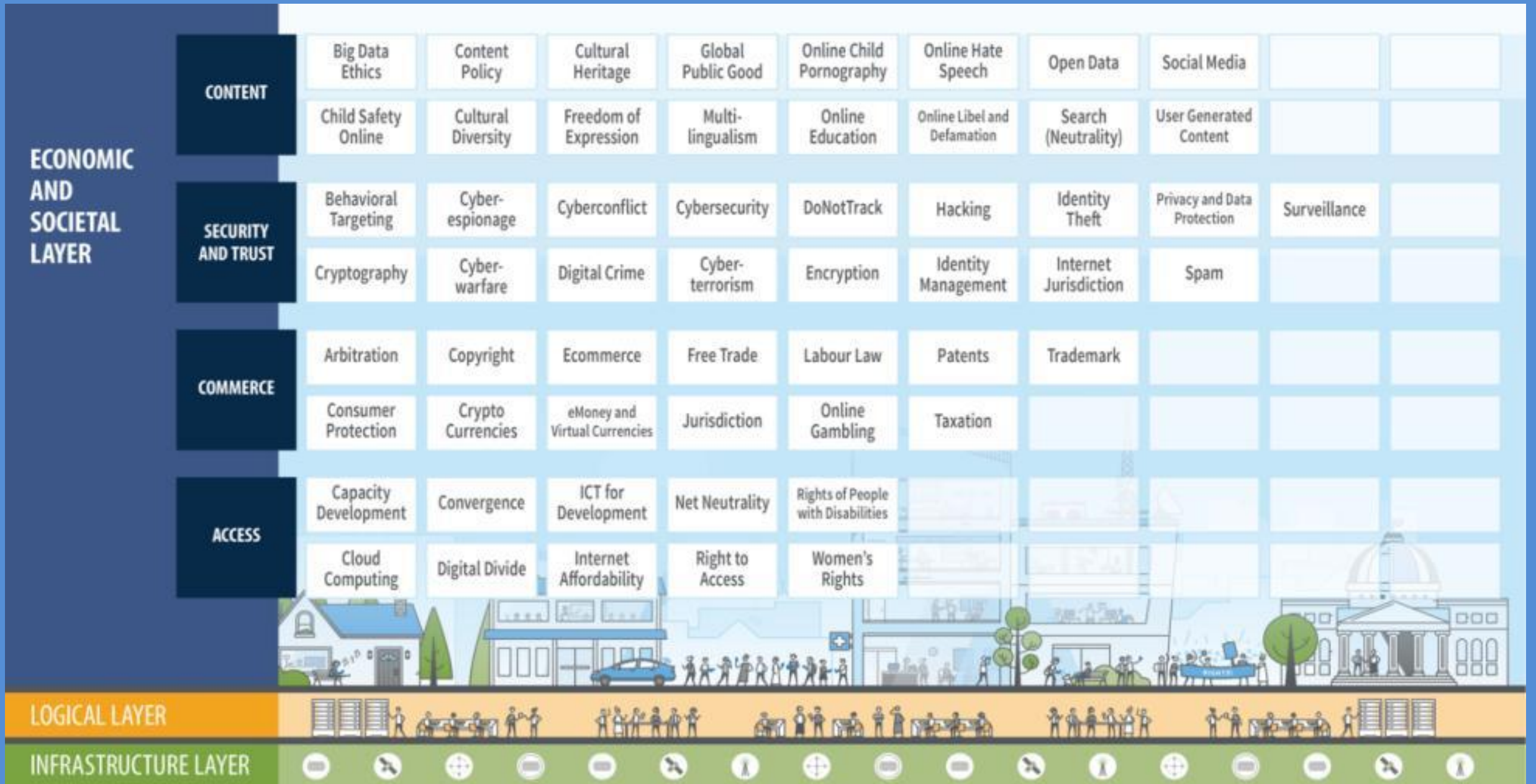
Source: [Trade  \$\beta\$  Blog](#)



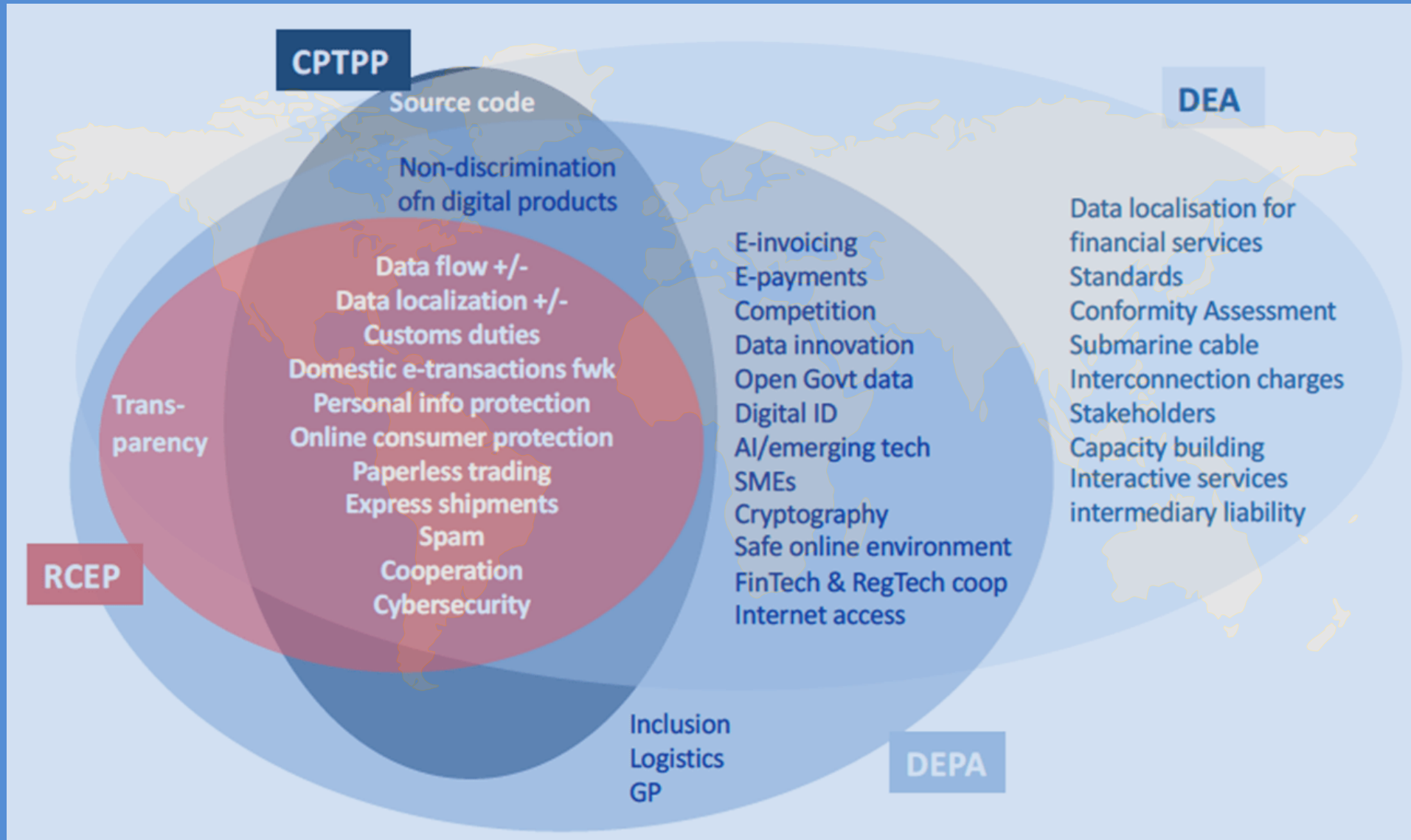
## 2. DIGITALIZATION



## 2. DIGITALIZATION, CONT'D

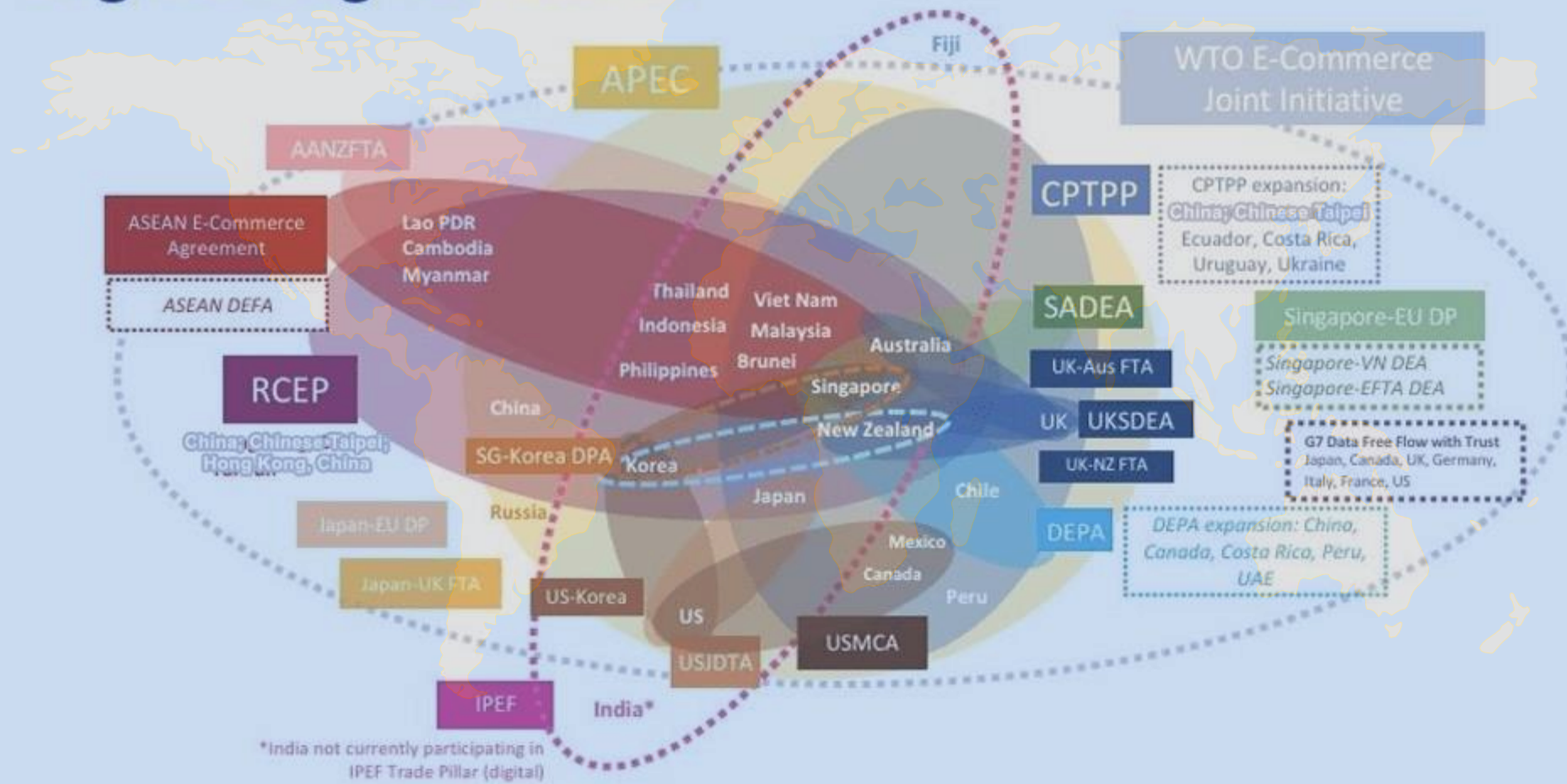


## 2. DIGITALIZATION, CONT'D



## 2. DIGITALIZATION, CONT'D

### Digital fragmentation



Source: Adapted by the author from Stephanie Honey, 'The long road to a seamless global digital economy', Hinrich Foundation, 30 May

### 3. “SOCIALIZATION”

#### Populism, Polarization, Protectionism

- “social license” and public pressure to address:
  - Climate change
  - Other ESG concerns, including labour rights, animal welfare, GMOs, etc.
- Resulting demands for greater transparency, traceability and accountability



### 3. “SOCIALIZATION”, CONT’D

Increasingly, rule-making is becoming multi-stakeholder in character, again drawing on relevant experts within and beyond government

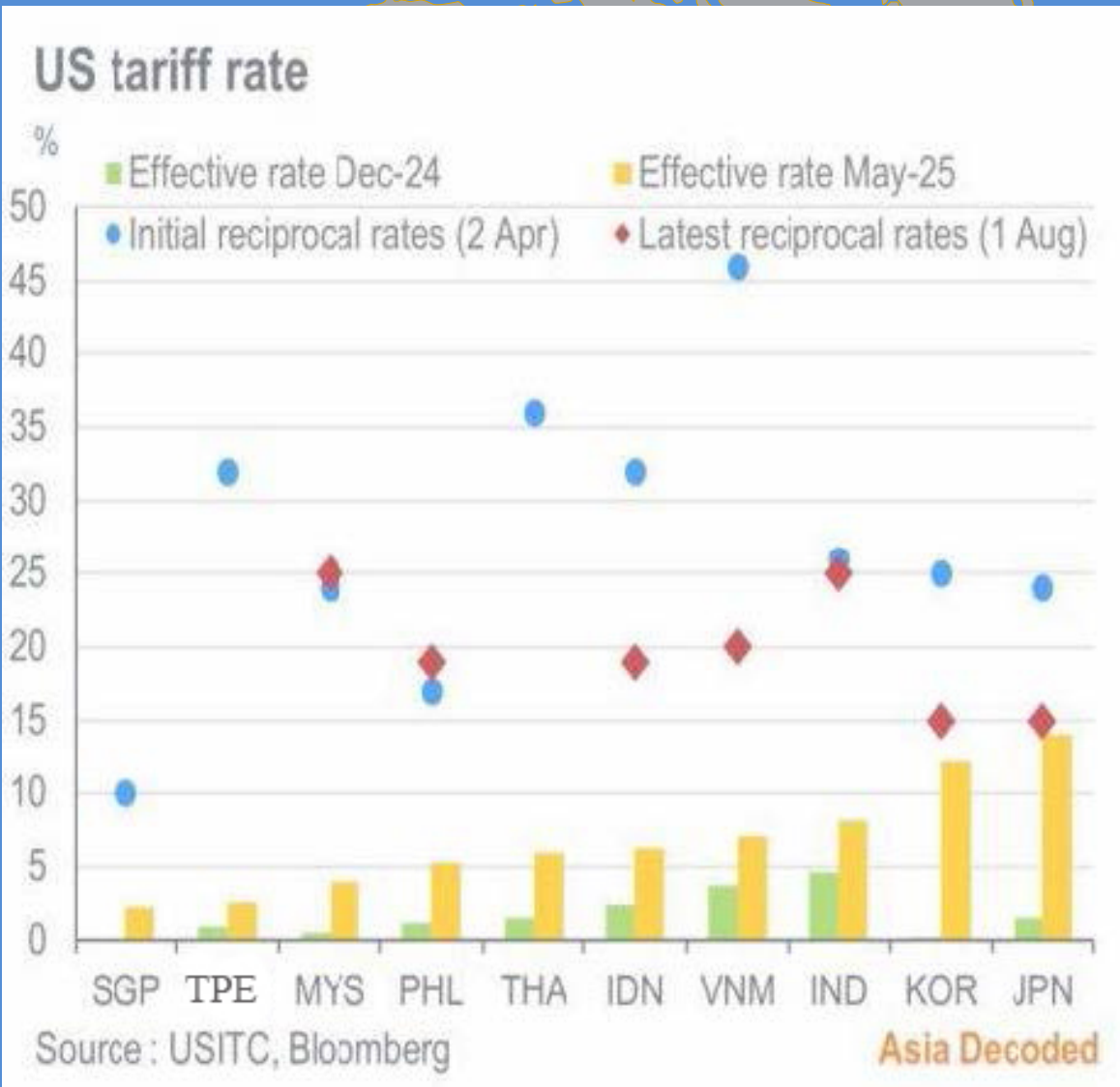
- Examples:



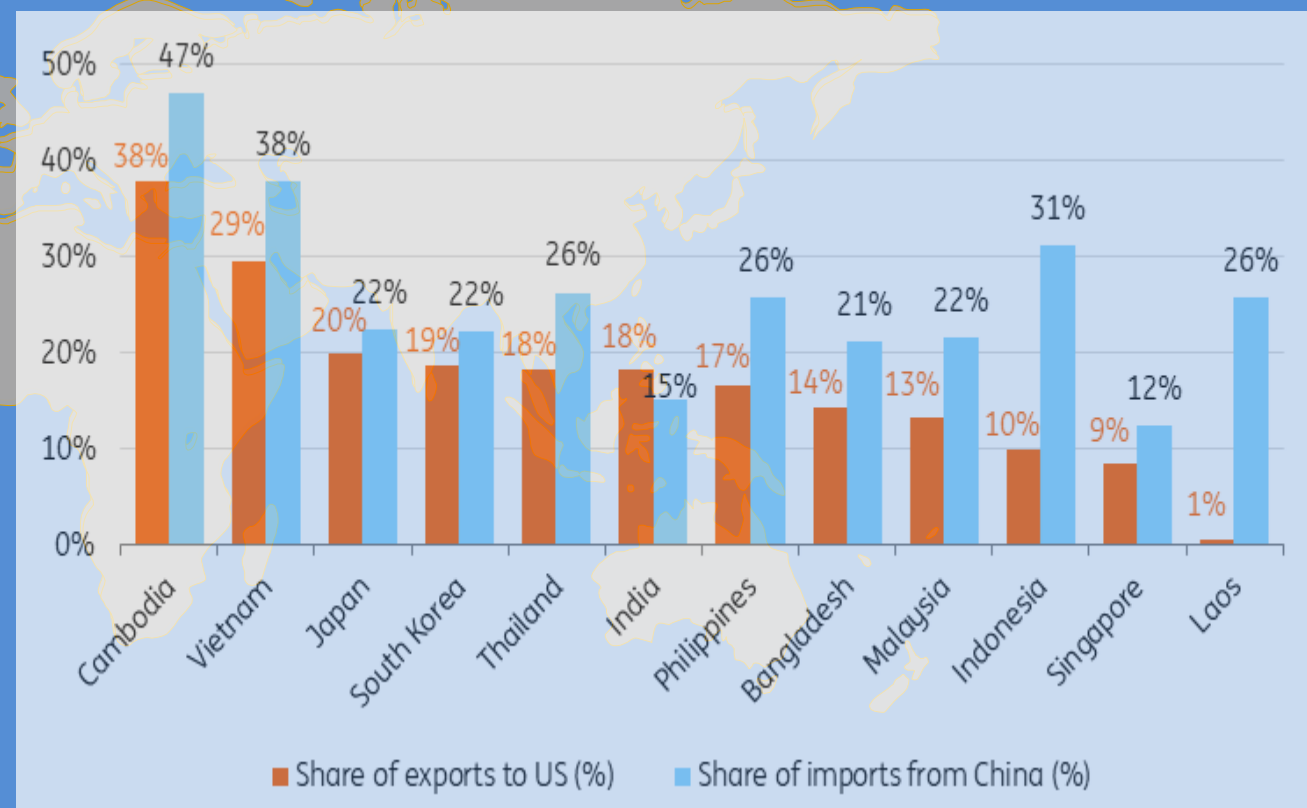
5G and related wireless standards

# II. CURRENT CHALLENGES – RETURN OF THE TARIFF

August 1 tariffs and “deals”



Value-added or Transshipment 40% tariff?

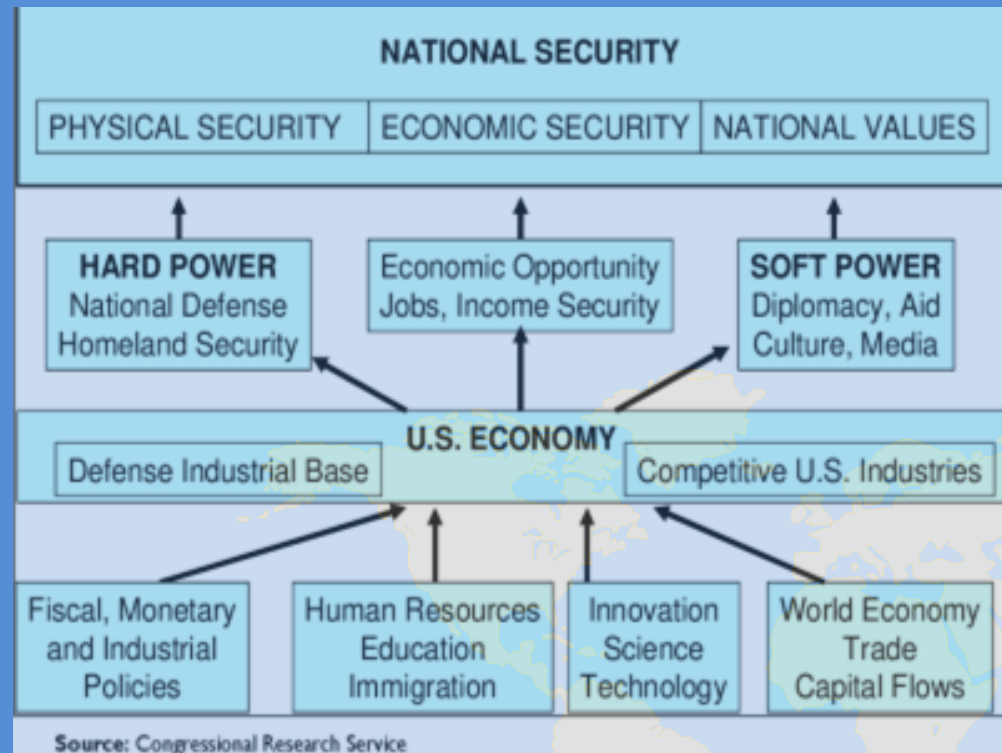


TARIFF = Totally Arbitrary Rules Inspiring Frustration and Fear

## II. CURRENT ISSUES – ECONOMIC SECURITY AND NATIONAL SECURITY



**Builds on the EU’s Global Gateway Initiative, Critical Raw Materials Act, European Chips Act and its Net-Zero Industry Act that aims to de-risk Europe’s economic relations while enhancing the Union’s long-term economic competitiveness, security, and overall strength.**



**America First Investment Policy Feb. 21, 2025:**  
 “Economic security is national security. The PRC does not allow United States companies to take over their critical infrastructure, and the United States should not allow the PRC to take over United States critical infrastructure. PRC-affiliated investors are targeting the crown jewels of United States technology, food supplies, farmland, minerals, natural resources, ports, and shipping terminals.”



**14 participating economies, including Korea, United States, United Kingdom, Japan, Canada, Sweden, Australia, Finland, Germany, Norway, Italy, India and Estonia as well as the European Union**

**Plus, e.g.,: The Canada-U.S. Joint Action Plan on Critical Minerals**

## II. CURRENT ISSUES – ECONOMIC SECURITY AND NATIONAL SECURITY, CONT'D

### A Current Example: Antimony and China's Export Control on National Security Grounds



Naoise McDonagh, Phd  
MBA Director | Geoeconomics | Strategic Trade Policy, Edith  
Cowan University, Perth, Western Australia, Australia

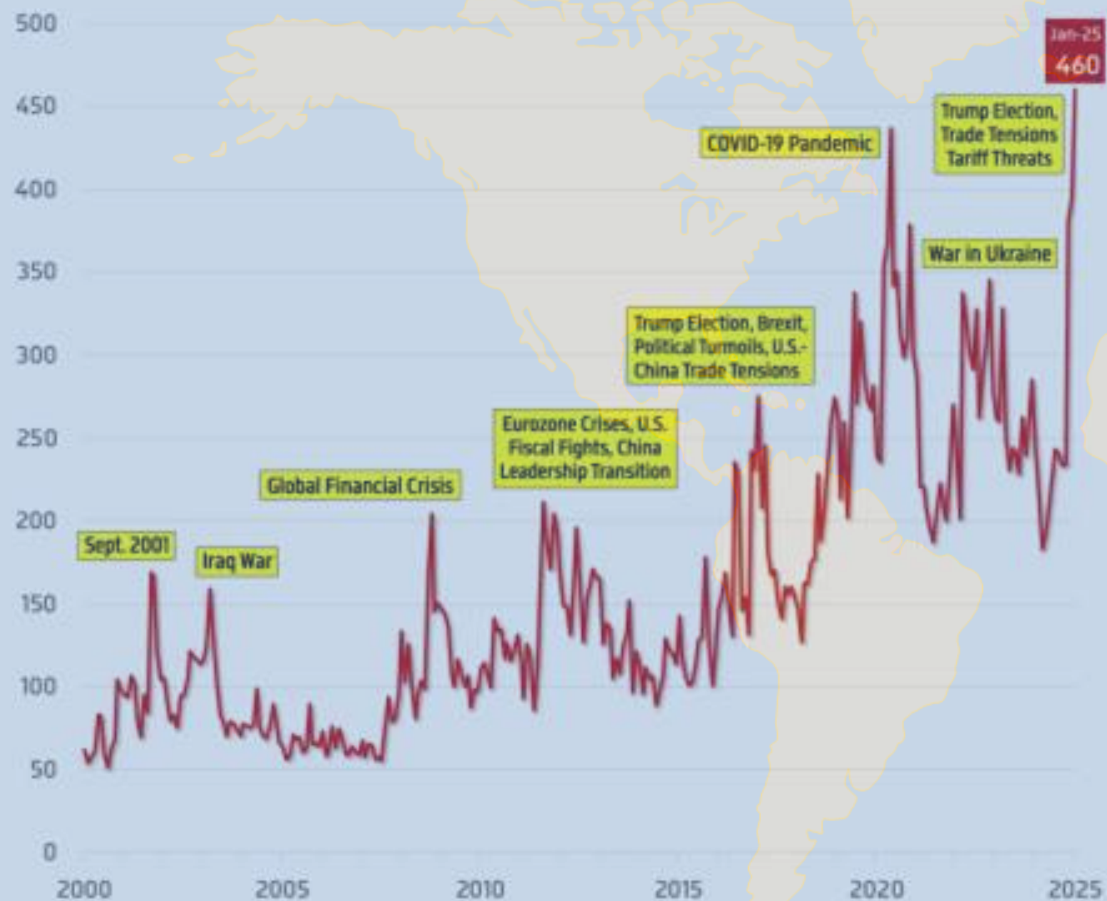
Antimony is a dual use critical input: defense uses include armor-piercing ammunition, night vision goggles, infrared sensors, and precision optics; commercial uses include semiconductors, cables, and batteries.

- ▶ the world depends on China for around 48% of total mine output;
- ▶ more importantly, China's dominance is even more pronounced in antimony processing and refining;
- ▶ 78% of Tajikistan's and 86% of Australia's antimony exports are sent to China for processing;
- ▶ Crucially China dominates over 70% of ultra-high-purity antimony trioxide ( $\geq 99.99\%$  purity) at commercial scale;
- ▶ Since exports controls were applied the global price of antimony has gone up tenfold, with little signs of slowing given China shows little sign of relaxing controls;

The EU has not received a shipment since October, while the US has been cut off since September.

## II. CURRENT ISSUES – VOLATILITY AND UNCERTAINTY

### Global Economic Policy Uncertainty Index



Source: Global Economic Policy Uncertainty Index

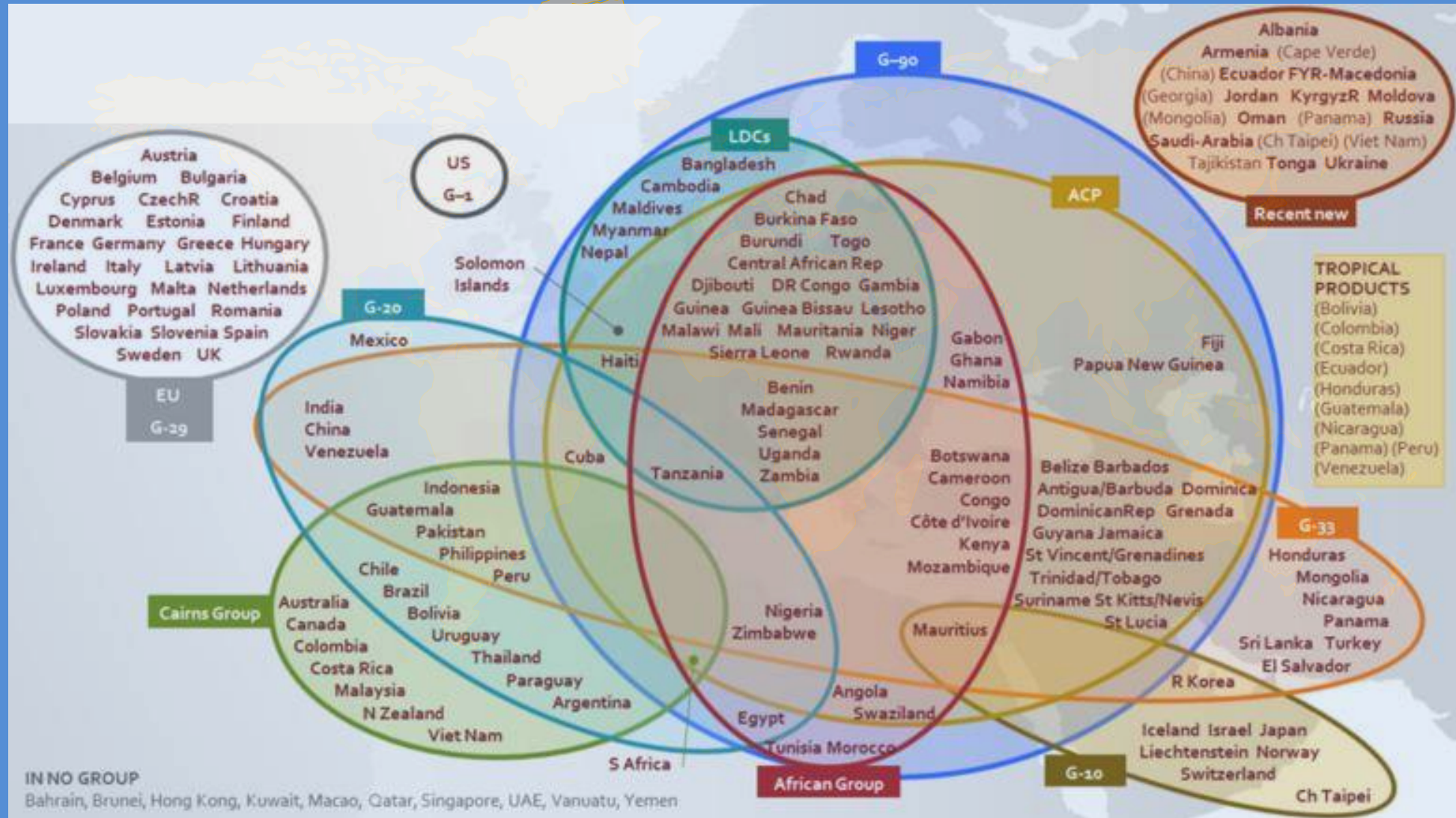
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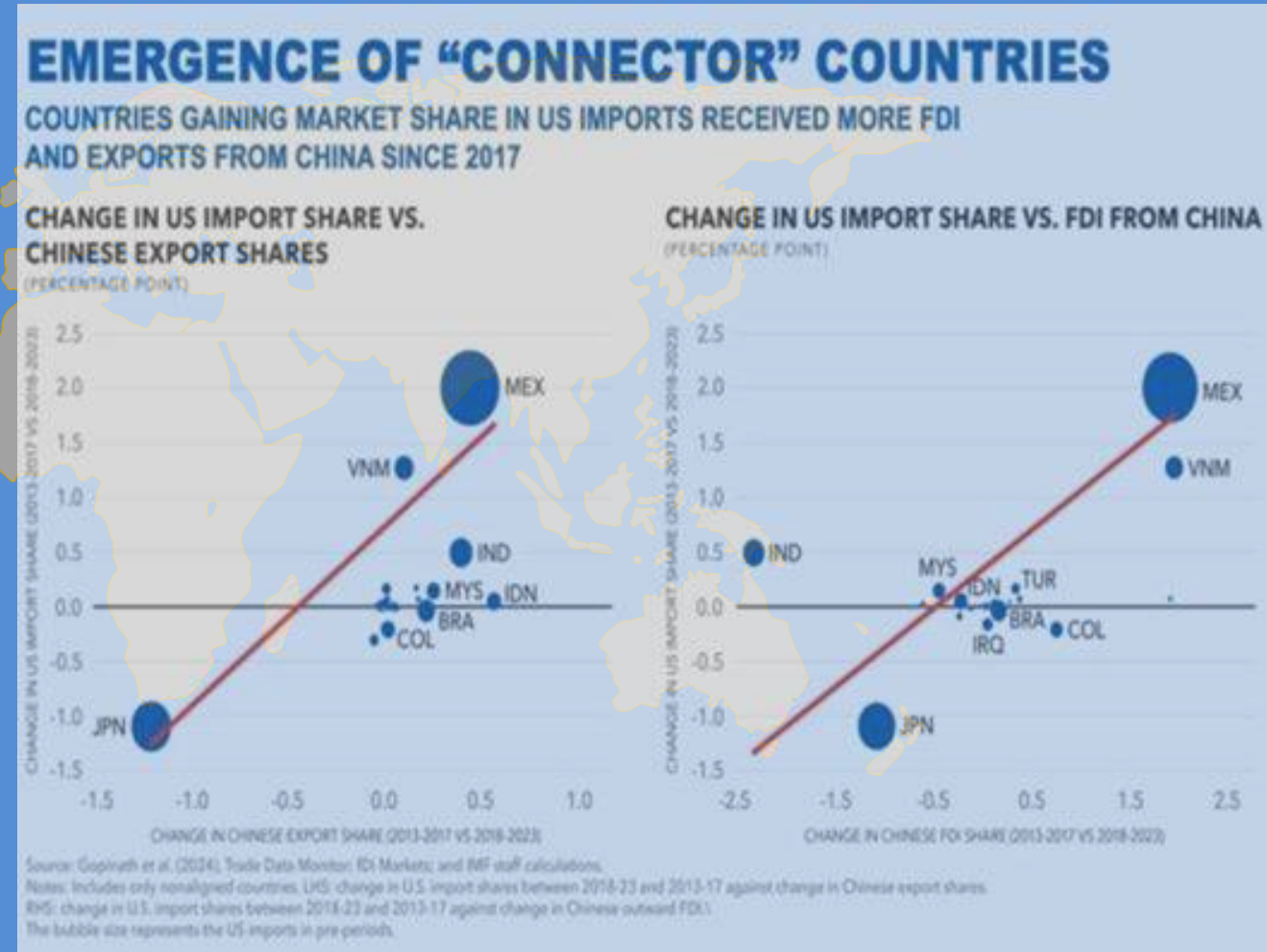
# III. IMPLICATIONS FOR TRADE RECONFIGURATION

## Agriculture Negotiating Groups in the Uruguay Round





# III. IMPLICATIONS FOR TRADE RECONFIGURATION, CONT'D



# III. IMPLICATIONS FOR TRADE CONFIGURATION, CONT'D

## Major Geopolitical Drivers Redrawing the Map of World Trade

<b>Stronghold North America</b>	<b>China pivots</b>	<b>Rise of the Global South</b>	<b>ASEAN's growth transition</b>	<b>India's trade ignition</b>	<b>EU focuses on competitiveness</b>
Trade growth remains resilient as reshoring and friendshoring substitute for imports from China	As China's trade with the West slows, it accelerates with India, Russia, ASEAN, Africa, and Mercosur nations	Global South nations boost trade with each other and the rest of the world and shift toward manufactured goods	ASEAN increases trade with China and the rest of Asia-Pacific as it boosts share of industrial value chains	Trade grows with most of the world as Indian manufacturing progresses and energy imports rise	EU trade with China slows and shifts toward strategic partners like the US and Japan and growing markets like India and Africa

### TOTAL CHANGE IN TRADE, 2023–2033 (CONSTANT 2010 USD \$BILLIONS AND CAGR%)

US–Mexico <b>+315 (4%)</b>	China–South <sup>1</sup> <b>+1,253 (5.9%)</b>	South–South <b>+673 (3.8%)</b>	ASEAN–China <b>+558 (5.6%)</b>	India–US <b>+116 (7.5%)</b>	EU–India <b>+98 (6%)</b>
US–EU <b>+303 (3.1%)</b>	China–Russia <b>+269 (6.3%)</b>	North–South <b>+1,674 (3.7%)</b>	ASEAN–US <b>+195 (4.3%)</b>	India–ASEAN <b>+92 (6.2%)</b>	EU–Africa <b>+100 (2.6%)</b>
US–Canada <b>147 (1.9%)</b>	China–West <sup>2</sup> <b>–221 (–1.2%)</b>	North–North <b>+2,567 (2.2%)</b>	ASEAN–EU <b>+28 (1%)</b>	India–Russia <b>+69 (6.5%)</b>	EU–Russia <b>–106 (–17.2%)</b>

### Degree of impact

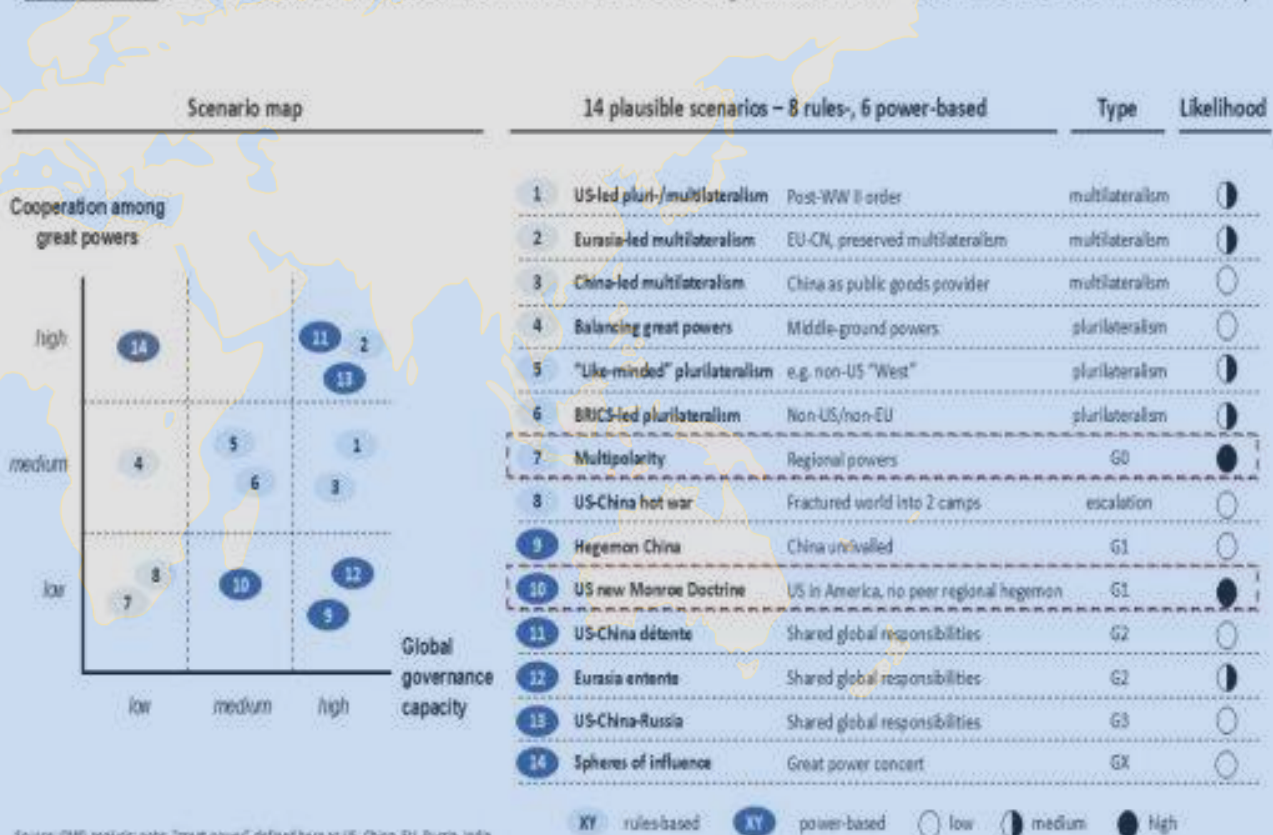
Color of font represents total global trade CAGR (%) from 2023 to 2033: ■ <0% ■ 0%–2.9% ■ >2.9%

Sources: BCG Global Trade Model 2024; UN Comtrade; Oxford Economics; IHS Markit; World Trade Organization; BCG analysis.

<sup>1</sup>South = 133 nations of the UN G77, excluding China.

<sup>2</sup>West includes US, EU27, UK, Canada, South Korea, Japan, Australia, and New Zealand.

## IR scenarios: 14 conceivable scenarios identified for an evolving world order – G0 and US/G1 seen most likely



Source: CMG analysis; note: "great power" defined here as US, China, EU, Russia, India

**Coordination/cooperation among great powers – above all US-China – will determine how the world will be governed.**

### III. IMPLICATIONS – RISK OF DIGITAL PATCHWORKS

 July 28, 2025



## China pitches global AI governance group as the US goes it alone

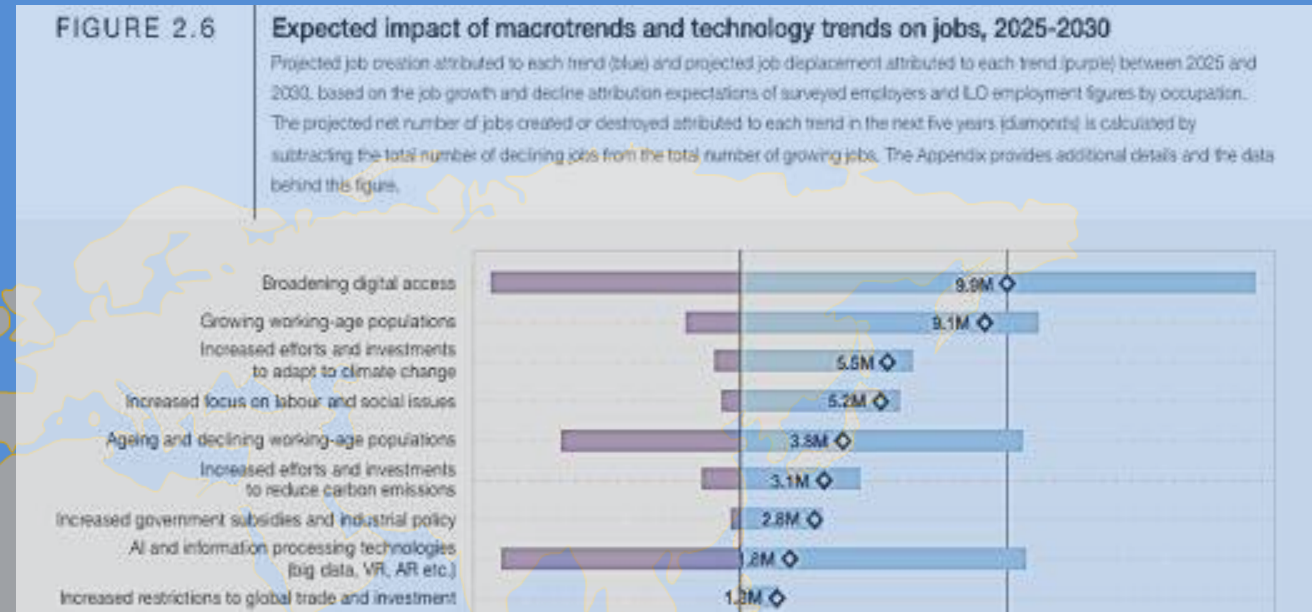
China has proposed a global action plan to govern artificial intelligence, just days after the United States unveiled its own plan to promote US dominance of the rapidly growing field that's become a key bargaining chip in trade talks between the economic powerhouses.

Chinese Premier Li Qiang unveiled China's vision for future AI oversight at the World AI Conference (WAIC), an annual gathering in Shanghai of tech titans from more than 40 countries. "Overall, global AI governance is still fragmented. Countries have great differences, particularly in terms of areas such as regulatory concepts, institutional rules," said Li in his speech on Saturday. "We should strengthen coordination to form a global AI governance framework that has broad consensus as soon as possible."

Li's remarks came just days after the Trump administration unveiled its 28-page AI action plan, which aims to remove "bureaucratic red tape" and establish US dominance in the sector.

# III. IMPLICATIONS – THE PEOPLE DIMENSION

In a time of uncertainty, while there is an immediate premium stockpiling, deferring investment decisions and planning for price increases, more attention to productive investment and domestic fundamentals is key. Structural adjustment policies are more necessary than ever to support business and workers alike.



## Barriers to organizational transformation, 2025-2030

Share of employers surveyed expecting the stated barrier will hinder their organisational transformation.

1. Skills gaps in the labour market	63%
2. Organizational culture and resistance to change	46%
3. Outdated or inflexible regulatory framework	39%
4. Inability to attract talent to the industry	37%
5. Lack of adequate data and technical infrastructure	32%
6. Inability to attract talent to my firm	27%
7. Shortage of investment capital	26%
8. Insufficient understanding of opportunities	25%

APEC POLICY SUPPORT UNIT  
POLICY BRIEF No. 66 (June 2025)

## Addressing Demographic Change in the APEC Region

By Emmanuel A. San Andres and Chelsea Seah Jiaqi