

ICC Global Trade Update

28 May 2025

DISCLAIMER – Given the fast-moving trade policy environment, please ensure that latest developments have been taken into account in your operations and communications.

IN THIS UPDATE

- U.S. tariffs latest
- Free Trade Agreements (FTAs): New deals and negotiations
- Trade developments in Asia-Pacific region
- Latest at the World Trade Organization (WTO)
- ICC in the news
- Recommended reads

U.S. TARIFFS LATEST

U.S. Court Blocks IEEPA-Based Tariffs

- On 28 May 2025, the [U.S. Court of International Trade](#) ruled that President Trump's proposed "Liberation Day" tariffs imposed under the International Emergency Economic Powers Act (IEEPA) exceeded executive authority and were unlawful. The court ordered a permanent injunction to take effect by 7 June 2025.
- The Trump administration has [filed an appeal](#) to the U.S. Court of Appeals for the Federal Circuit and is expected to seek a stay of the injunction pending appeal.
- The ruling blocks all measures imposed under IEEPA, including the proposed universal 10% tariff, the so-called "reciprocal tariffs", "fentanyl" tariffs on China, Mexico, and Canada, the threatened 50% tariff on EU imports, and the removal of the de minimis exemption for China and Hong Kong. However, tariffs imposed under other legal authorities - such as Section 301 (China) and Section 232 (steel, aluminium and automotive) - remain in effect.

Global Tariff Negotiations Following U.S. Court Ruling

- Prior to the May 28 ruling, the US and EU had intensified trade negotiations following President Trump's announcement via social media on 23 May of his intention to impose 50 percent tariffs on imports from the EU. Following a telephone conversation with European Commission President Ursula von der Leyen on 25 May, President Trump had posted on

Truth Social that any tariffs on the EU would not be imposed until 9 July 2025. The court's decision now places those discussions in a fundamentally different context.

- The US' negotiations with other trading partners, including Japan, South Korea, India, and South Africa, have likewise been taken over by events. With the IEEPA-based tariff authority struck down, the future of these negotiations - which had been due to end on 9 July - remains unclear.

FREE TRADE AGREEMENTS

UK and EU reset trade relations

- On Monday 19 May 2025 the UK hosted the "EU-UK Summit" in London. The Summit concluded with three key documents agreed.
 - The [Joint Statement](#) on shared policy priorities includes a recognition of the role of the WTO "in promoting certainty, predictability and fair trade practices." It adds that "we will continue to work together, and with other like-minded partners, on how we can mitigate the impact of fluctuations in the global economic order."
 - The [Common Understanding](#) sets out shared expectations for future cooperation in a range of policy areas, including trade, energy, and migration. As part of this, the UK and EU have agreed to work together to establish a common framework for sanitary and phytosanitary (SPS) measures. This would eliminate the majority of certification requirements and physical inspections on movements of food, animals and other covered products - including trade from Great Britain to Northern Ireland.
 - Both sides also agreed to a new [Security and Defence Partnership](#) as a framework agreement to structure future cooperation on defence and procurement questions.

TRADE DEVELOPMENTS IN THE ASIA-PACIFIC REGION

APEC Trade Ministerial

- The Ministers responsible for trade issued the [2025 APEC Ministers Responsible for Trade Joint Statement](#) on 15-16 May. The statement reiterated commitment to the Putrajaya Vision 2040 and the role of digitalisation to the region. Regarding the WTO, the statement reiterated the importance of the organisation, welcomed progress in ratification of the WTO Agreement on Fisheries Subsidies, and underlined the need for WTO reform ahead of the next WTO Ministerial Conference, which is scheduled to be held in Cameroon in March 2026.

- In the lead-up to the Ministerial meeting, the APEC Policy Support Unit released [a new economic report](#) projecting a sharp slowdown in growth across the region in 2025. Economic growth in the APEC region is forecast to moderate to 2.6 percent in 2025 and 2.7 percent 2026, a sharp drop from the 3.6 percent growth recorded in 2024, as escalating trade tensions and policy uncertainty weigh on investment and trade.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

- Alongside the APEC Trade Minister's meeting, CPTPP members issued a [joint statement](#) following their meeting in Jeju, Republic of South Korea, on 16 May 2025.
- As part of the CPTPP's General Review, officials have been tasked with developing recommendations to update the agreement in key areas, including electronic commerce, financial services, supply chain resilience, value chains, customs administration and trade facilitation, cross-border trade in services, and management of administrative work.
- Ministers also welcomed progress in Costa Rica's accession to the CPTPP and agreed to pursue additional dialogue with the EU and ASEAN countries.

ASEAN Special Economic Ministers Dialogues

- The Special ASEAN Economic Ministers' (AEM) [Consultations](#) with Dialogue Partners (DPs) took place on 20 May 2025. In all discussions, Ministers reaffirmed their shared commitment to a rules-based multilateral trading system and the WTO.
- Key highlights from individual partner consultations include:
 - **ASEAN-China:** At the AEM-Ministry of Commerce (MOFCOM) (China) Consultation, Ministers welcomed the full conclusion of the ASEAN-China Free Trade Area (ACFTA) 3.0 Upgrade Negotiations, reaffirming its importance as the cornerstone of ASEAN-China trade and economic relations. They also agreed to work towards signing the ACFTA 3.0 Upgrade Protocol at the 28th ASEAN-China Summit later this year, a key priority under Malaysia's 2025 ASEAN chairmanship.
 - **ASEAN-Australia and New Zealand:** At the AEM-CER (Australia and New Zealand) Consultation, Ministers welcomed the entry into force of the [Second Protocol to amend the agreement establishing the ASEAN-Australia-New Zealand Free Trade Area \(AANZFTA\)](#) for several parties (Australia, Brunei Darussalam, Lao PDR, Malaysia, New Zealand, and Singapore). The Second Protocol includes upgraded commitments on emerging trade issues, such as trade and sustainable development and electronic commerce amongst others.

- **ASEAN-Japan:** At the AEM-Ministry of Economy, Trade and Industry (METI) (Japan) Consultation, Ministers underscored the importance of strengthening supply chains, promoting innovation, and fostering critical growth engines such as the automotive sector and artificial intelligence. Recognising the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) Agreement as a key pillar of economic relations, Ministers discussed updating the agreement to meet evolving business needs.

Indo-Pacific Economic Framework

- On 22 May, the Korean Ministry of Trade, Industry and Energy (MOTIE), as Chair of the Indo-Pacific Economic Framework (IPEF) Crisis Response Network, held a [virtual supply chain emergency mock drill](#). The exercise aimed to support the IPEF Supply Chain Working Group and help governments prepare for potential supply chain shocks. Korea and Australia shared details of their joint supply chain capacity building project. While the broader future of the IPEF initiative — and continued U.S. participation — remains uncertain, work continues under IPEF's already concluded agreements.

WORLD TRADE ORGANIZATION

WTO General Council

- The WTO's General Council met on 21-22 May to discuss WTO reform issues, preparations for the next WTO Ministerial Conference (MC14) to take place in March 2026, and ongoing international trade tensions.
- In her [report](#) to WTO Members, Director-General Dr Okonjo-Iwela gave a stark assessment of the current state of WTO reform discussions. However, she welcomed [recent progress](#) on member acceptances of the Agreement on Fisheries Subsidies, noting that 99 members have now accepted the Agreement, with only 12 more needed to bring it into force. Other issues highlighted in her report included progress on agriculture, the e-commerce moratorium, and industrial policy.
- On current trade tensions, three interventions were made:
 - Singapore and Switzerland, on behalf of 47 Members, introduced a [statement](#) in support of the rules-based multilateral trading system. The statement cites the value and achievements of the WTO since it was established in 1995, underlining how the organisation has contributed to the economic development of both developed and developing members by promoting trade liberalization and facilitating economic integration. It also highlighted fostering stability, predictability, consumer trust, and preserving incentives for innovation.

- China's [communication](#) expressed concern over heightened trade turbulence and responses from the WTO. China proposed a “Stability, Development and Reform” (SDR) approach for the WTO.
- The European Union [raised concerns](#) about fragmentation of global trade caused by tariffs, warning of the global costs. The EU framed this as a critical moment to reflect on both the root causes of the WTO crisis and broader global macroeconomic imbalances, reaffirming its commitment to strengthening the multilateral trading system.

SUSTAINABLE SUPPLY CHAINS

EU Deforestation Regulation

- On 20 May, the EU published new [guidance](#) on the implementation of the EU Deforestation Regulation and the country benchmarking. The EUDR covers imported products into the EU of cocoa, coffee, soy, palm oil, wood, rubber, and cattle from 1 January 2026.
- It sets out those countries considered as “low risk”, “medium risk,” and “high risk”. A low-risk categorisation means simplified due diligence – limited to data collection and verifying that there is no circumvention or mixing of commodities from medium or high-risk countries. The draft implementing regulation must now be finalised.
- Countries currently designated as “low risk” are: Afghanistan, Albania, Algeria, Andorra, Antigua and Barbuda, Armenia, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Bhutan, Bosnia and Herzegovina, Brunei Darussalam, Bulgaria, Burundi, Cabo Verde, Canada, Central African Republic, Chile, China, Comoros, Congo, Costa Rica, Croatia, Cuba, Cyprus, Czechia, Denmark, Djibouti, Dominica, Dominican Republic, Egypt, Estonia, Eswatini, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Greece, Grenada, Guyana, Hungary, Iceland, India, Iran (Islamic Republic of), Iraq, Ireland, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Lesotho, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Maldives, Mali, Malta, Marshall Islands, Mauritius, Micronesia (Federated States of), Monaco, Mongolia, Montenegro, Morocco, Nauru, Nepal, Netherlands (Kingdom of the), New Zealand, North Macedonia, Norway, Oman, Palau, Palestine, Papua New Guinea, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Romania, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Sao Tome and Principe, Saudi Arabia, Serbia, Seychelles, Singapore, Slovakia, Slovenia, Solomon Island, South Africa, South Sudan, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Tonga, Trinidad and Tobago, Tunisia,

Türkiye, Turkmenistan, Tuvalu, Ukraine, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America, Uruguay, Uzbekistan, Vanuatu, Vietnam, Yemen.

- All other countries are considered “medium risk” unless they fall in the “high risk” category: Belarus, North Korea, Myanmar, and the Russian Federation.

ICC IN THE NEWS

- ICC Secretary General John Denton warned that proposals from the US administration to put a 50% tariff on imports from the European Union would create “major uncertainty” for business -- with the risk of chilling investment decisions and disrupting essential supply chains. “A swift and coordinated de-escalation is essential to preserve the trust and stability that underpin international commerce, business investment and job creation,” he said [in a statement](#) widely picked up by media outlets including [The Guardian](#), [Newsweek](#) and [The Telegraph](#).
- Speaking live on BBC World News TV on May 23rd, ICC Deputy Secretary General – Policy Andrew Wilson described the effect of tariff escalation and de-escalation as highly corrosive to business certainty. He also spoke with BBC World Radio’s [World Business Report](#) saying the proposed tariffs would “significantly dislocate” trade, as well as with Forbes on March 27 following the delay of the imposition of a 50% tariff on all European goods: [Does Trump's 'Art Of The Deal' Work On Global Trade Talks?: ICC Director Reacts To EU Tariff Delay](#)
- [ICC responds to US-EU tariff proposal](#), 23 May 2025
- [ICC calls for G7 leadership to revitalise global trade system](#), 19 May 2025

WHAT WE’RE READING

- New ICC report [Reimagining WTO Dispute Settlement: A business case for mediation](#). Mediation under the World Trade Organization (WTO) Dispute Settlement Understanding can help governments resolve trade frictions faster, cheaper and more constructively – if they’re willing to use it. ICC is making the case.
- APEC’s Policy Support Unit has published a report detailing the use of public and commercial paperless trade platforms across eight APEC economies. The report, [Promoting the Utilization of Paperless Trade Platforms in the Post COVID-19 Era](#), examines the enablers for successful paperless trade platforms.

- The European Commission has released its annual report on [Intellectual Property Rights in Third Countries, Counterfeit & Piracy Watch List](#). China remains a top priority for the EU to protect intellectual property rights, followed closely by India and Türkiye as second priority countries. Argentina, Brazil, Ecuador, Indonesia, Nigeria, and Thailand are third priority countries.

For more information, contact:

Valerie Picard

Head of Trade, ICC

Valerie.Picard@iccwbo.org