

Policy Note

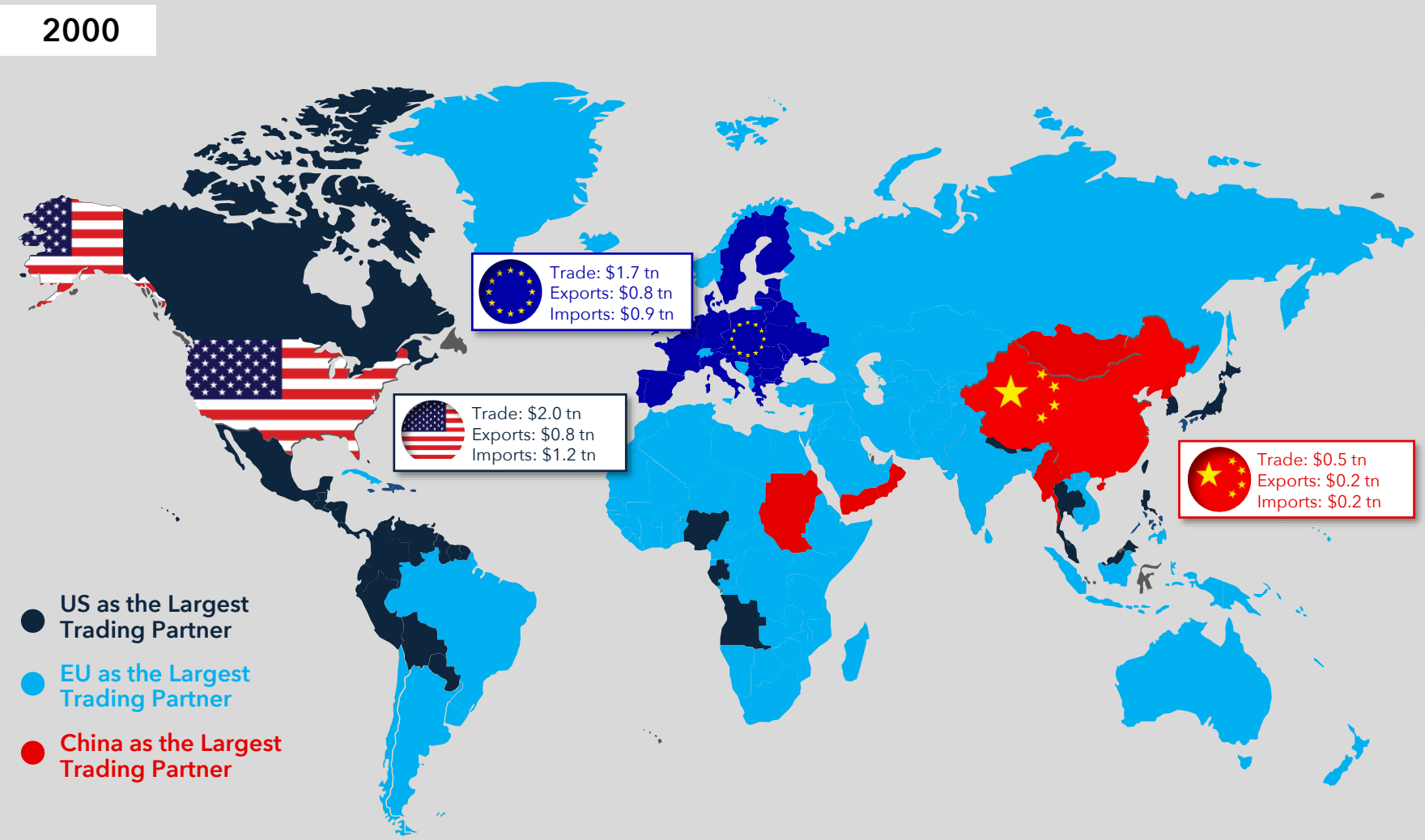


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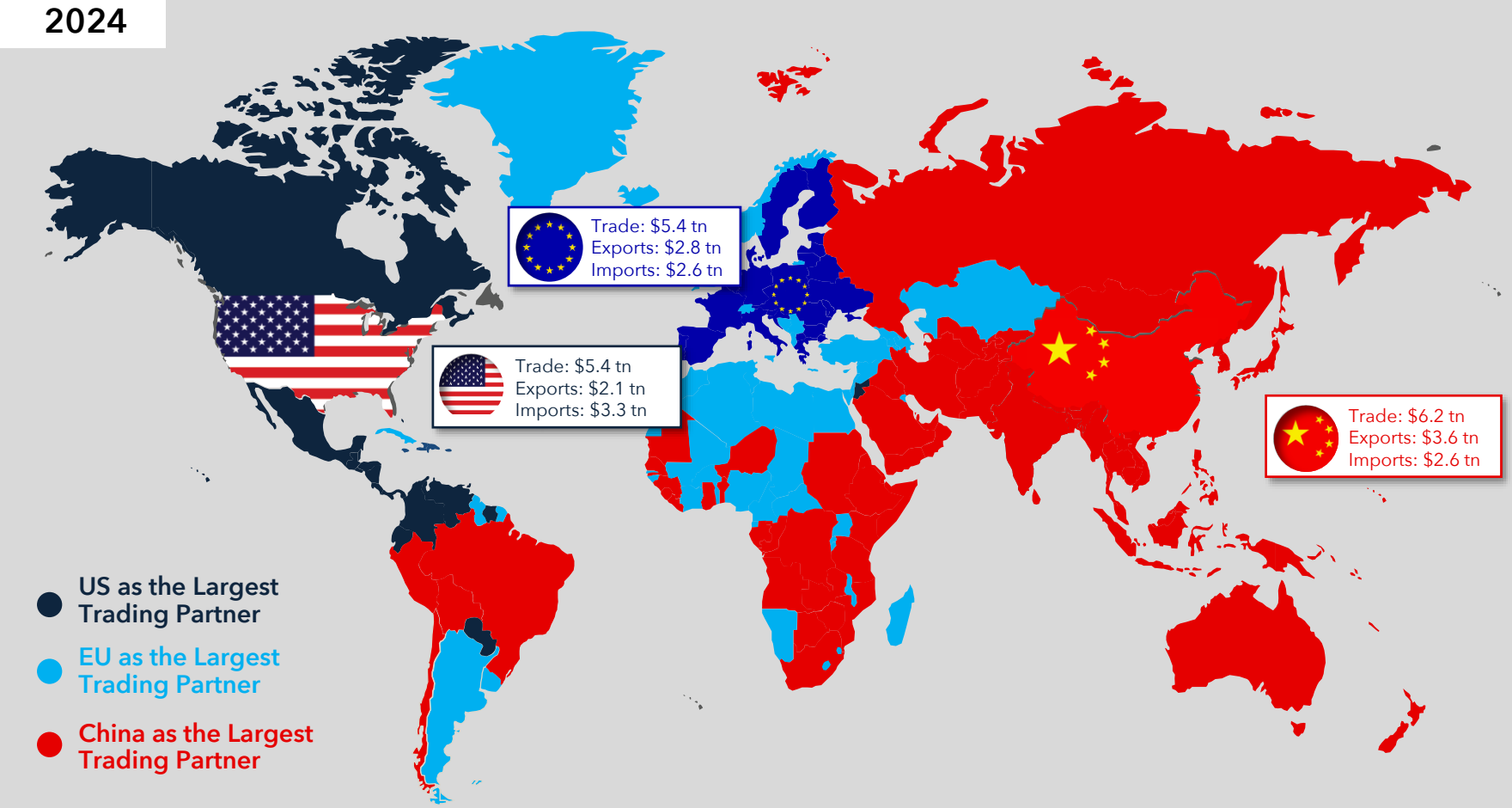
Late 20th Century: Europe Leads Global Trade Flows

Just 25 years ago, Europe’s manufacturing and export heavy economy was the largest trading partner to the majority of countries globally.



2000-2025: China Emerges as Global Trade Leader

Since China joined the WTO in 2001, they have risen to become both the world’s largest trading country, the world’s largest exporter and the 2nd largest importer. China has also supplanted Europe to become the largest trade counterparty to the majority of countries globally.



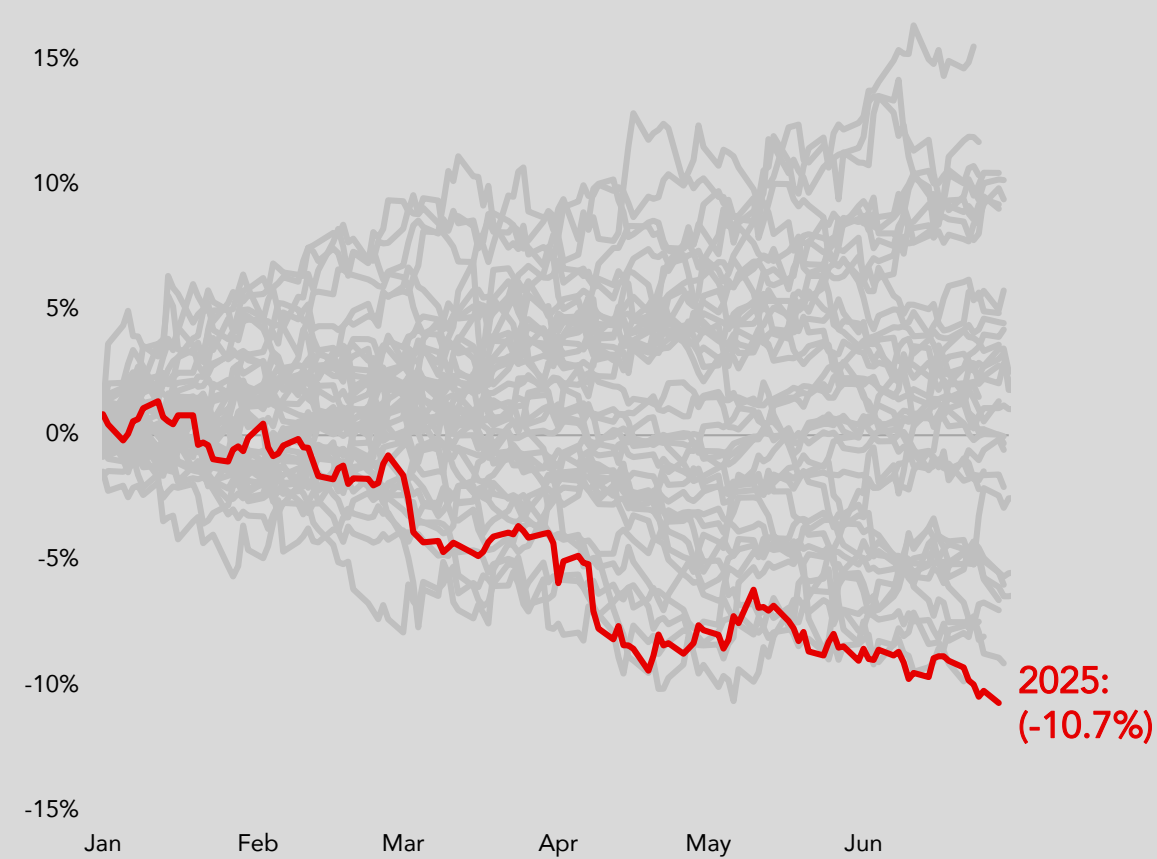
2025-Onward: Another Global Trade Realignment Underway

- Restructuring of **US supply chains** away from China
- Redirecting of **global trade flows** away from the US
- Less predictable **rule of law** in retaliatory trade policy
- Less reliance on multilateral **conflict resolution mechanisms** (i.e., WTO)
- Rebalancing of economies** from export dependence to more domestic consumption (i.e., China, EU)
- More domestic integration of goods critical to **national security** (semiconductors, strategic minerals)
- More **multi-currency settlement & de-dollarization** in selected markets
- Smaller **external trade surpluses** versus the US over time
- Less foreign **demand for Treasuries**; gradual **US dollar depreciation**
- Generally higher **US inflation** and steeper **UST yield curves**

Weakest 1H for USD Since 1973

The US Dollar had its largest first half depreciation since 1973, and its weakest 6 months since 2009.

USD index in 1H since 1986, % change



The USD selloff has not reversed

- Over-valuation, repricing
- Cyclical weakness
- Debt sustainability concerns
- Trade policy retaliation
- US sanctions policy
- Less reliable safe haven

Selected Trade Agreements Signed Since 2017

Despite deglobalization dynamics, a number of significant global trade deals have been signed by other countries since the Trump Trade Wars began in 2017.

Selected trade agreements since 2017

Date	Agreement	
May 2017	 	China – Georgia
Jun 2017		PACER Plus
Jul 2017	 	EU – Eastern and Southern Africa States
Oct 2017		Hong Kong (China) – Macau (China)
Nov 2017	 	EU – Armenia
Feb 2018		South Korea – Central America
Mar 2018		CPTPP*
Mar 2018		African Continental Free Trade Area
Mar 2018	 	ASEAN – Hong Kong (China)
May 2018	 	EAEU – Iran**
Jun 2018	 	EFTA – Ecuador
Jun 2018	 	EFTA - Türkiye

Date	Agreement	
Jun 2018	 	Hong Kong (China) – Georgia
Jul 2018	 	EU – Japan
Jul 2018		COMESA
Oct 2018	 	EU – Singapore
Nov 2018	  	USMCA
Dec 2018	 	EFTA – Indonesia
Dec 2018	 	EU – Pacific States***
Jan 2019	 	UK – Chile
Jan 2019	 	UK – Eastern and Southern Africa States
Jan 2019	 	UK – Faeroe Islands
Feb 2019	  	UK – Switzerland – Liechtenstein
Feb 2019	 	UK – Israel
Feb 2019	 	UK – Palestinian Authority

Date	Agreement	
Feb 2019	 	ASEAN – Japan****
Mar 2019	 	UK – Pacific States
Mar 2019	 	UK – CARIFORUM States
Mar 2019	 	Hong Kong (China) – Australia
May 2019	  	UK – Colombia, Ecuador, & Peru
Jun 2019	 	EU – Vietnam
Jul 2019	 	UK – Central America
Aug 2019	 	UK – South Korea
Oct 2019	 	UK – Tunisia
Oct 2019	 	UK – SACU and Mozambique
Oct 2019	 	China – Mauritius
Oct 2019	 	UK – Georgia

Date	Agreement	
Oct 2019	 	EAEU – Serbia
Oct 2019	 	UK – Morocco
Nov 2019	 	UK – Jordan
Dec 2019	 	UK – Kosovo
May 2020	 	EU – Pacific States
Sep 2020	 	UK – Lebanon
Oct 2020		ATISA
Oct 2020	 	UK - Ukraine
Oct 2020	 	China – Cambodia
Oct 2020	 	UK – Côte d'Ivoire
Oct 2020	 	UK – Japan
Dec 2020	 	UK – North Macedonia

Date	Agreement	
Dec 2020	 	UK – Egypt
Dec 2020	 	UK – Kenya
Dec 2020	 	UK – Singapore
Dec 2020	 	UK – Mexico
Dec 2020	 	UK – Canada
Dec 2020	 	UK – Moldova
Dec 2020	 	UK – Cameroon
Dec 2020	 	UK – Türkiye
Dec 2020	 	UK – Vietnam
Dec 2020	 	EU - UK
Feb 2021	 	UK – Albania
Mar 2021	 	UK – Ghana
Apr 2021	 	UK – Serbia

Date	Agreement	
Jul 2021	   	UK – Iceland, Liechtenstein, and Norway
Dec 2021	 	UK – Australia
Feb 2022	 	UK – New Zealand
May 2023	 	China – Ecuador
Jun 2023	 	EFTA – Moldova
Jul 2023	 	EU – New Zealand
Aug 2023	 	China – Nicaragua
Oct 2023	 	China – Serbia
Dec 2023	 	EU – Chile
Dec 2023	 	EU – Kenya
Expected Sep 2025	 	EU – Indonesia
Expected Dec 2025	 	EU – India

Source: (1-3) US Census Bureau. Eurostat. China Customs. (4) Bloomberg. Data as of July 23, 2025. (5-7) WTO Regional Trade Agreements Database. As of July 2025. Date is date of signature. *In December 2023, the UK was added to the CPTPP. **The finalized EAEU – Iran agreement was signed in Dec 2023. ***In May 2020, Solomon Islands was added to the EU-Pacific States Agreement. **** ASEAN trade agreement was signed in March 2008 for goods only.

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“Macro stability isn’t everything, but without it, you have nothing.”