TRADE OBSERVER

The official monthly update by CustomsBridge

SEPTEMBER 2025

70

Fighting back against protectionism

THE TRADE WAR THAT IS REDRAWING OUR CONSUMPTION HABITS

TARIFFS: CANADA AND MEXICO CLOSE RANKS AGAINST TRUMP'S PROTECTIONIST STRATEGY

A STRATEGIC FREE TRADE AGREEMENT AMID GLOBAL TRADE TENSIONS

YOUR CUSTOMS MONITORING

THE TRADE WAR THAT IS REDRAWING OUR CONSUMPTION HABITS

Since Donald Trump's inauguration for a second term in January 2025, the United States has been facing a gradual yet structural phenomenon: a loss of attractiveness on the international stage, both in tourism and in trade. This disengagement is particularly visible among foreign consumers and travelers, who now seem to favor other destinations and other brands in response to the political and symbolic climate surrounding the new administration.

The first signs are evident in tourism figures. According to the World Travel & Tourism Council, international tourism spending in the United States fell by 7% in 2025, representing nearly $12.5 billion in losses for the country. Tourism Economics reports a drop of more than 8% in foreign arrivals, with significant declines from Canada (-17%), Germany (-28%), and France (-6.6%). This trend stands out globally: the United States is the only major country to record such a decline, while international tourism is clearly rebounding.

At the same time, Europe is capturing the flows abandoned by America. Tourism spending there rose by 11% in 2025, driven in particular by the renewed appeal of France, Italy, and Spain.

Several factors explain this reorientation: regulatory stability, perceived safety, and a more welcoming approach to international travelers. Paris and Rome thus ranked among the top five booked destinations in spring 2025, pushing New York and Los Angeles down to historically low levels.

Beyond tourism, everyday consumption itself is becoming politicized. In several European countries, implicit boycotts are targeting American brands perceived as symbols of U.S. cultural influence.

In Denmark, the Carlsberg Group observed a decline in demand for Coca-Cola, even though it is locally produced. This largely spontaneous phenomenon reflects a growing desire to align purchases with personal convictions. For some, avoiding an American product has become an act of ideological consistency.

In Muslim countries, this rejection is amplified by Washington's unconditional support for Israel in the context of the Gaza conflict. Major American consumer brands, particularly in the agri-food sector, are experiencing sharp market share losses to local competitors. Here, the boycott is rooted not only in politics, but also in emotion and identity.

On the American side, the administration has remained relatively silent on this trend. No campaign to restore the United States' image abroad has been announced so far. Yet some analysts are concerned about the medium-term effects: a decline in tourism investments, waning interest in American cultural products, and the weakening of historic brands in strategic markets. Several companies, especially in affordable luxury and tech, have quietly begun to adapt their communication strategies to detach themselves from any overt national identity.

In response to this shift, major European destinations are stepping up their efforts to capitalize on the new balance of power. France, in particular, has strengthened its presence in Asian and Middle Eastern markets, relying on a strong cultural offering, a smoother visa policy, and a more neutral diplomacy. Positioning itself as "premium, open, and reliable" has become a competitive advantage in this climate of geopolitical fragmentation.

The current trend shows that consumption and tourism have become symbolic acts. They reflect a worldview, an endorsement, or a rejection. The climate fostered by Trump's presidency is pushing some foreign audiences to seek experiences, products, and values elsewhere—ones that feel closer to their aspirations. In this context, both businesses and governments will need to demonstrate adaptability and clarity to retain or regain the trust of global consumers.

TARIFFS: CANADA AND MEXICO CLOSE RANKS AGAINST TRUMP'S PROTECTIONIST STRATEGY

As the review of the United States–Mexico–Canada Agreement (USMCA, also known as CUSMA) approaches next year, Ottawa and Mexico City have made their intentions clear: they want to speak with one voice to rebalance the terms of a partnership strained by Donald Trump. Mexican President Claudia Sheinbaum and Canadian Prime Minister Mark Carney met in Mexico City to develop a joint strategy in response to Washington's protectionist stance.

Since his return to the White House, Donald Trump has toughened his approach toward America's neighbors. Heavy tariffs already affect steel, aluminum, automobiles, and certain agricultural products, despite the exemptions provided under the USMCA. With tariffs reaching up to 35% for Canada and 25% for Mexico, these measures are weakening the competitiveness of local industries.

Sheinbaum and Carney therefore intend to present a united front to convince Washington that North America's prosperity depends on balanced integration, not unilateral tariff barriers. "We are stronger together," summarized the Canadian leader, calling for a renewed spirit of trilateral cooperation.

A successor to NAFTA, the USMCA has been the foundation of North American trade since 2020. It is vital for both partners: nearly 80% of Mexican exports and 75% of Canadian exports go to the United States. Yet Donald Trump is pushing to renegotiate the agreement on terms more favorable to U.S. industries.

Beyond economics, the White House now links tariff concessions to politically sensitive issues such as the fight against illegal immigration and drug trafficking. This conditionality is causing friction in both Ottawa and Mexico City, and threatens the stability of regional value chains.

he meeting in Mexico City also sought to address an imbalance: while trade in goods between Mexico and the United States reached $763 billion in 2024 (compared to $762 billion between Canada and the United States), Canada–Mexico bilateral trade remains capped at $31.8 billion.

Aware of this weakness, Sheinbaum and Carney announced a Canada–Mexico action plan to boost investment and streamline trade by relying more heavily on their respective ports. The goal: to reduce logistical dependence on U.S. infrastructure and to create new trade routes.

What's at stake for businesses?

For industries such as automotive, steel, and agri-food, the coming months will be decisive. Maintaining punitive tariffs would weigh heavily on exporters' competitiveness while raising costs for American importers. Conversely, a fairer renegotiation could pave the way for greater predictability of trade flows—a crucial factor in securing supply chains.

The looming showdown goes beyond the mere question of tariffs: it is a real-life test of the future of North American economic integration. By tightening their ties, Canada and Mexico are sending a clear message: only balanced cooperation will allow the region to remain competitive against Europe and Asia.

A STRATEGIC FREE TRADE AGREEMENT AMID GLOBAL TRADE TENSIONS

The agreement stipulates that 80% of Indonesian exports to the EU will benefit from zero tariffs, covering key sectors such as textiles, footwear, fisheries, and palm oil. For Indonesia, this opening represents a strategic diversification of its markets—essential after Washington imposed 19% tariffs on many Indonesian products. On the European side, the partnership reflects a similar ambition: reducing dependency on the United States while expanding opportunities for European businesses and raw materials.

According to Ursula von der Leyen, President of the European Commission, the deal ensures “a stable and predictable supply of critical raw materials” while creating new opportunities for European companies and farmers. With a market of 280 million people and $30.1 billion in bilateral trade in 2024, Indonesia represents a strategic prospect for the EU, particularly in electronics, electric vehicles, and pharmaceuticals. European exporters are expected to save nearly €600 million per year in tariffs, thereby strengthening their competitiveness in the Indonesian market.

Nevertheless, environmental concerns remain. The EU and Indonesia had to reach a compromise on European legislation concerning deforestation. A cooperation and dialogue platform will be set up to address climate and environmental issues linked to trade, but NGOs fear that increased demand for palm oil could accelerate deforestation. Ratification by all 27 European parliaments and the Indonesian parliament is planned, with the agreement expected to enter into force in 2027.

This agreement perfectly illustrates how trade geopolitics shapes states’ economic strategies. In the face of rising global tariffs, the EU and Indonesia demonstrate that balanced and regulated cooperation can unlock new growth opportunities, while also raising sustainability challenges. For international trade professionals, this deal sends a strong signal: anticipating, diversifying, and integrating both economic and environmental dimensions is becoming essential to remain competitive.

On Tuesday, September 23, in Bali, Indonesia and the European Union (EU) concluded a historic free trade agreement, marking a major step in economic relations between Southeast Asia and Europe. Signed in a context of high global trade instability, exacerbated by rising U.S. tariffs, the deal sends a clear message in favor of open international trade governed by transparent rules.

YOUR CUSTOMS MONITORING

WCO – NEW SAFE FRAMEWORK 2025

The World Customs Organization (WCO) has released the new version of its SAFE Framework of Standards, aimed at securing and facilitating global trade while reflecting current realities. Key updates include:

- Enhanced cooperation with environmental authorities;
- Integration of micro, small, and medium-sized enterprises (MSMEs) into the Authorized Economic Operator (AEO) program;
- Requirement for an ethical code of conduct for AEOs;
- Better consideration of internal threats and "insider conspirators."

This update confirms the WCO's ambition: a safer, more sustainable, and more inclusive international trade environment.

RULES OF ORIGIN – DIAGONAL CUMULATION IN THE PEM ZONE

On September 17, 2025, the European Commission published in the Official Journal of the European Union (OJEU) Communication No. C/2025/5098 on the application of transitional rules of origin in the Pan-Euro-Mediterranean (PEM) zone. This communication provides updated tables illustrating the possibilities for diagonal cumulation among contracting parties applying these transitional rules.

Objective: To give operators better visibility of applicable cumulation schemes and to secure the use of preferential tariffs within the PEM zone.

TRADE AGREEMENTS – EU/MERCOSUR & EU/MEXICO

On September 18, 2025, the European Commission presented to the Council its proposals for the signature and conclusion of two strategic agreements: the EU–Mercosur Partnership Agreement (EUMPA) and the modernized EU–Mexico Global Agreement (the first EU–Mexico agreement dates back to 2000).

These agreements foresee a substantial reduction of tariffs, notably on European agri-food exports: wine, spirits, chocolate, olive oil, as well as cheese, poultry, pork, pasta, apples, and jams.

The EU–Mercosur agreement is presented as a "win-win deal": it will favor EU exporting industries while supporting the agri-food sectors of Brazil, Argentina, Paraguay, and Uruguay.

The modernized agreement with Mexico will remove the remaining prohibitive tariffs on European agri-food products.

👉 Next Step: Approval by the European Parliament, a prerequisite for the entry into force of these agreements.

VOTRE VEILLE DOUANIÈRE

UPDATE – SBDU EXPORT CONTROL CHECKLIST

The SBDU export control checklist has been updated to incorporate the 2024 multilateral decisions from the Wassenaar Arrangement (WA), the Missile Technology Control Regime (MTCR), the Australia Group, and the Nuclear Suppliers Group (NSG), in order to harmonize controls over additional items.

Key changes include:

- Addition of new dual-use goods: quantum technology, equipment and materials for semiconductors, advanced integrated circuits, programmable logic devices and systems, high-temperature coatings, additive manufacturing machines, peptide synthesizers;
- Modifications to certain control parameters and updates to technical definitions and descriptions.

The European Parliament and the Council have a two-month period to provide their opinion before this update enters into force.

PAN-EUROMED – EU/TUNISIA DEROGATION ON RULES OF ORIGIN

Since January 22, 2025, and in accordance with Regulation (EU) 2025/1459 of July 25, 2025, the EU and Tunisia have applied a special derogation for garments manufactured in Tunisia.
For five years, within limited quantities, preferential origin can be validated based on cutting and sewing, with the possible incorporation of third-country fabrics.

Conditions: EUR.1 certificate mentioning “Derogation — Appendix B of Protocol No. 4” and “Issued retrospectively,” with the contingent available at the time of the import declaration correction request.
This measure allows for requesting preferential treatment retroactively and obtaining a refund of duties paid.

EU DELAYS ENTRY INTO FORCE OF ANTI-DEFORESTATION LAW

On Tuesday, September 23, the European Commission announced its proposal to postpone the entry into force of the European anti-deforestation law (EUDR), originally scheduled for December 2025. The delay, until the end of 2026, follows criticism from several countries, including the United States, Brazil, and Indonesia.
In a letter addressed to Antonio Decaro, Chair of the European Parliament’s Environment Committee, and the Danish Presidency of the EU Council, European Commissioner for the Environment Jessika Roswall confirmed her intention to extend the implementation of the regulation.