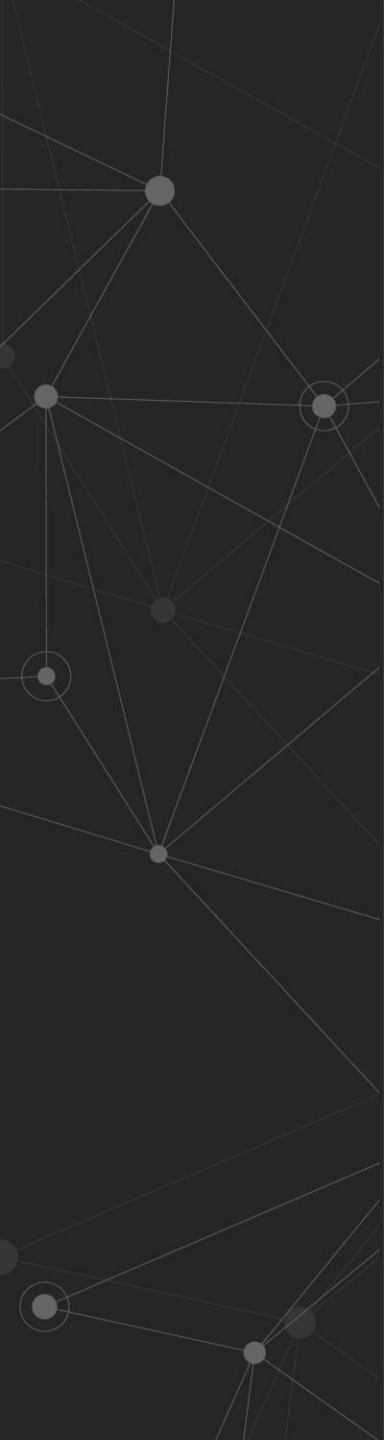




New horizons in trade

Webinar

October 2025



Agenda

Section One: Current State of Play

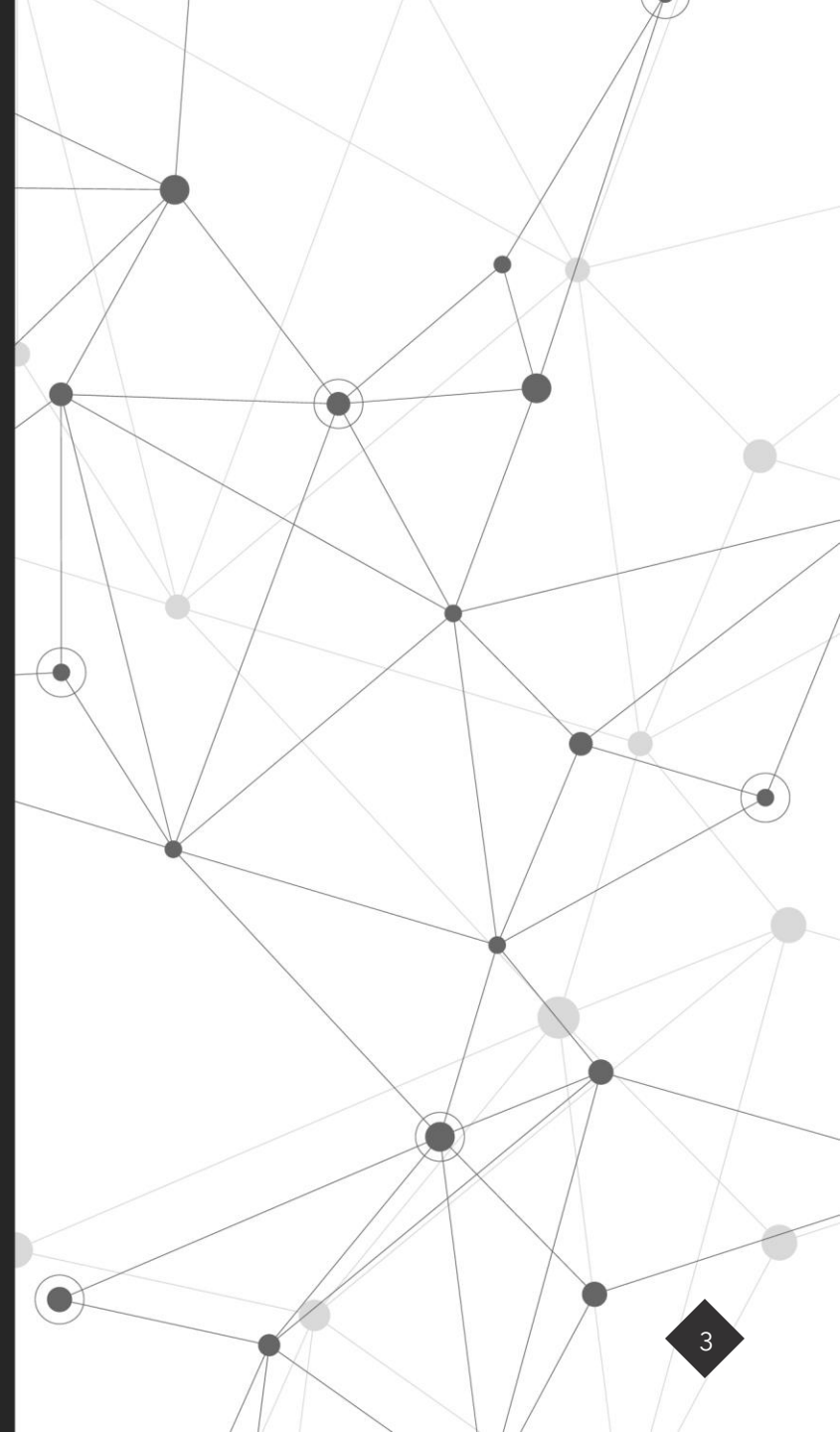
Section Two: EU and India

Section Three: East Asia

Section One



Current State of Play



Major obstacles are emerging for a rules-based system

There is a new recognition of the need to adapt to the shift in international trade

Rising weaponized dependence

Looking behind:

- Critical material chokepoints
- Sanctions and secondary sanctions
- Defense and trade group withdrawal
- Boycotts
- People restrictions

Looking ahead:

- "Ring-fence" of strategic products
- Stringent capital restrictions
- Transshipment tariffs
- Currency devaluations?

International and bureaucratic acknowledgement of the shift

A return to the previous status quo seems increasingly unlikely.

- European Commission; September 2025

In light of changes in the international environment, it is necessary to respond to the fluctuations in the international economic order to ensure autonomy and indispensability amid rising protectionism.

- Ministry of Economy, Trade and Industry (METI) of Japan; June 2025

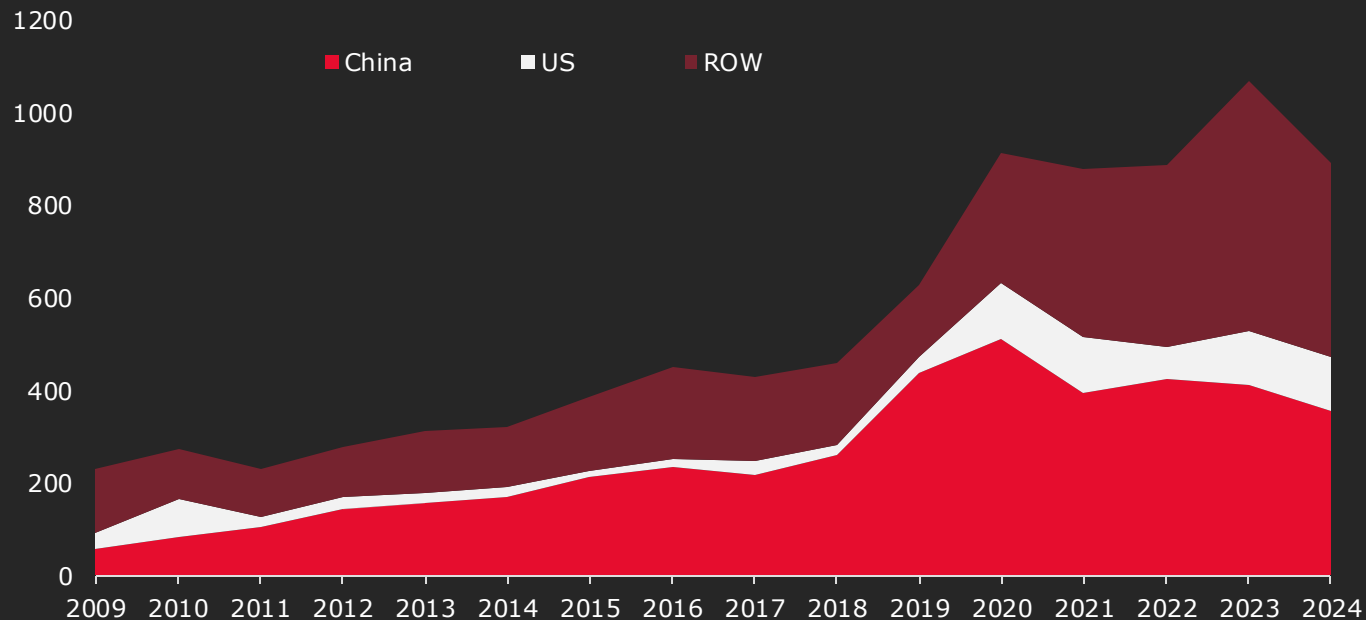
Source: Global Trade Alert, Onyx

International pressures continue to drive a focus on resilience

Domestic spending and politics are focused on concerns central to the trading system

Growth in “dual-use” subsidies

Count of interventions



Domestic indicators and risks

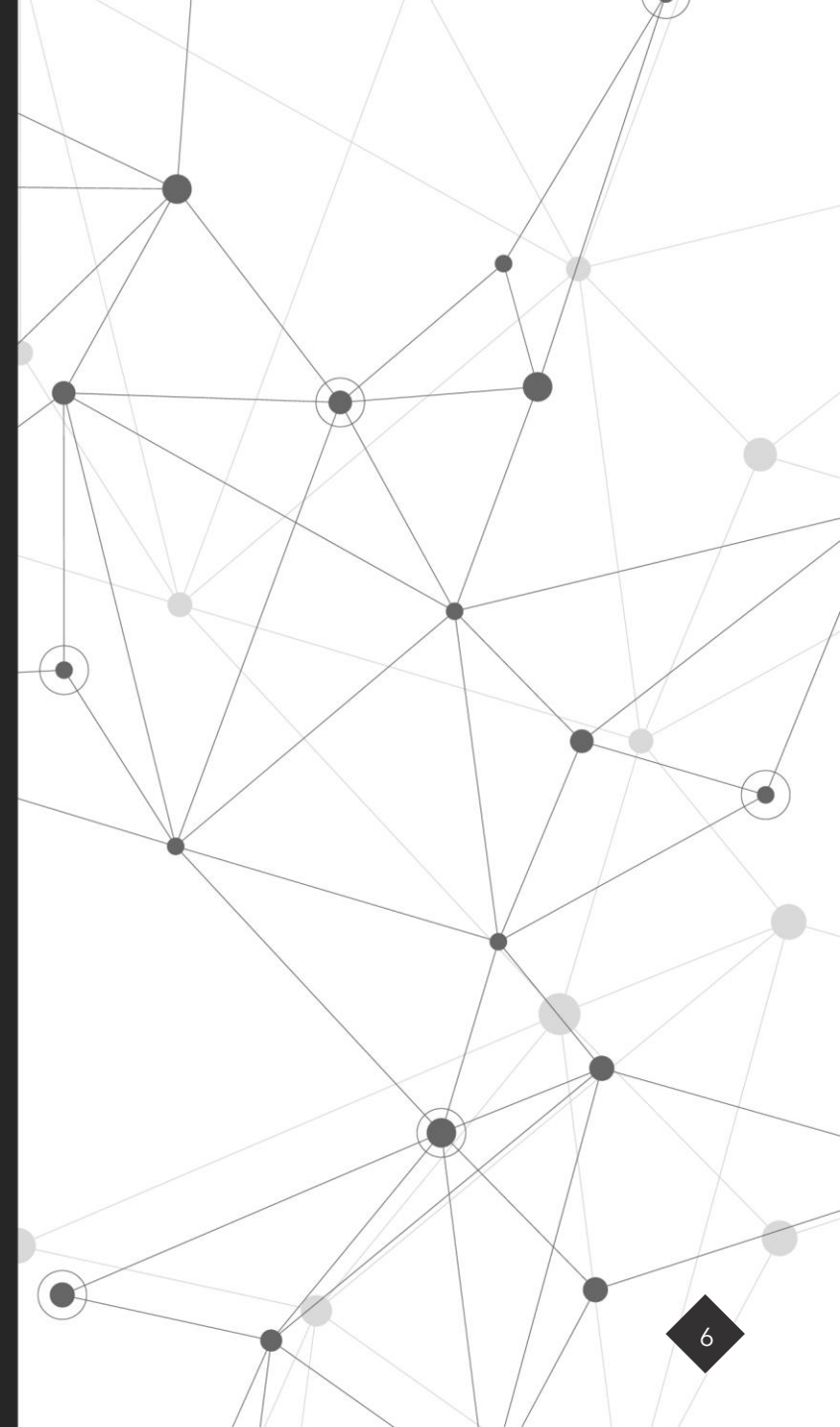
- Rise of trade skeptic, far-right parties
- Increasing inequality
- Focus on defense
- Innovation drives and industrial policy
- Internal trade reforms
- Centralization of control

Source: UNCOMTRADE, Global Trade Alert, SIPRI, Onyx

Section Two



EU and India



The EU's challenge: recognize dependencies, take opportunities

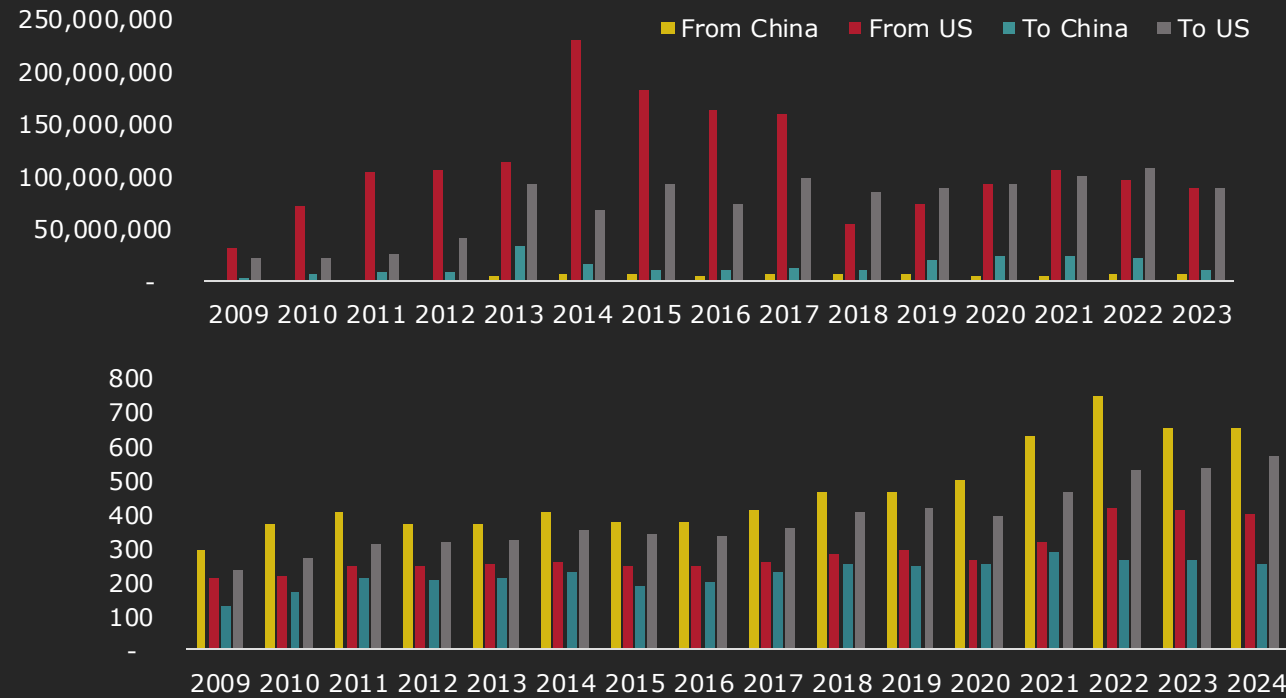
The EU's defense and economic dependencies are large, complex, and slow to change

Major US tensions

- High uncertainty
- Trade coercion and protectionism
- Defense pullback
- Industrial policy

FDI and trade flows from and to the EU27

USD billion



Major China tensions

- High uncertainty
- Underconsumption & overproduction
- Critical minerals
- Support for Russia

Source: IMF, Onyx

The EU has few fast options for diversifying and de-risking

But the EU can adopt policies to reduce shocks, maximize autonomy, and buy time

Goals	Example policies
1 Diversify the economy	▪ New trade frontiers ▪ Support rules-based system ▪ Global Gateway investment ▪ Support and protect strategic industries
2 Drive competitiveness	▪ Internal market reforms ▪ 28th regulatory regime ▪ Address energy cost ▪ Infrastructure investment
3 Focus on national security	▪ Rearm Europe ▪ Critical materials dialogues ▪ Industrial policy for strategic materials ▪ Investment screening and export controls ▪ Economic security instruments

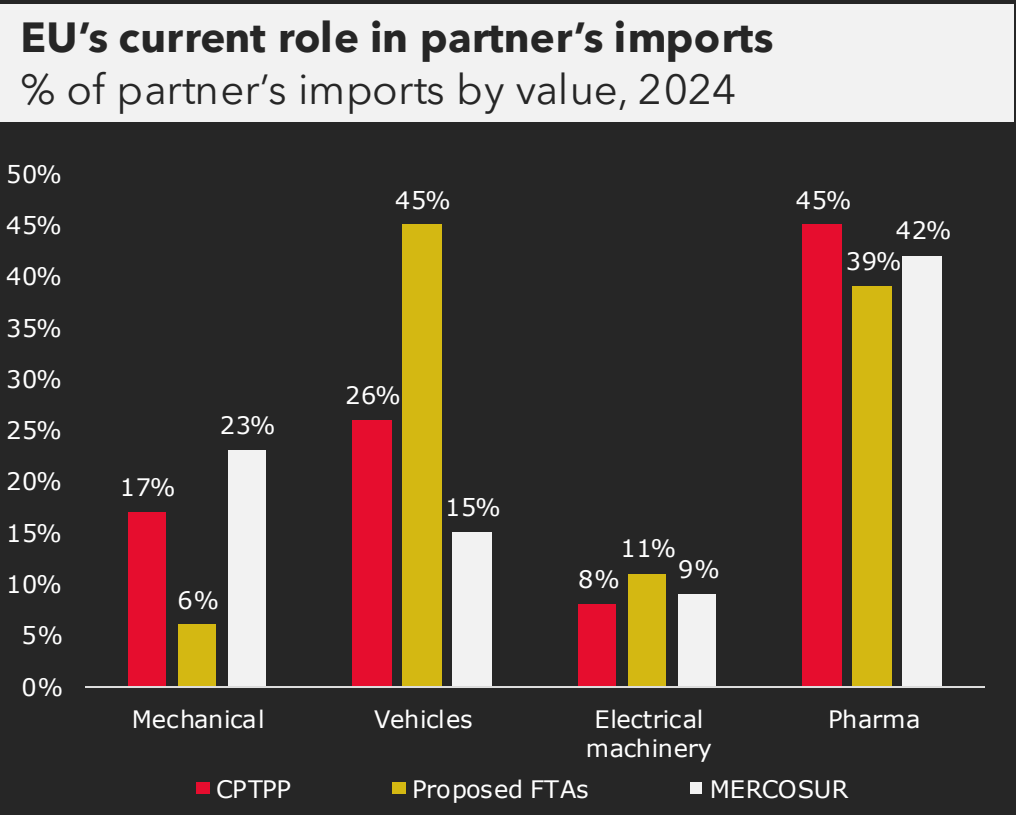
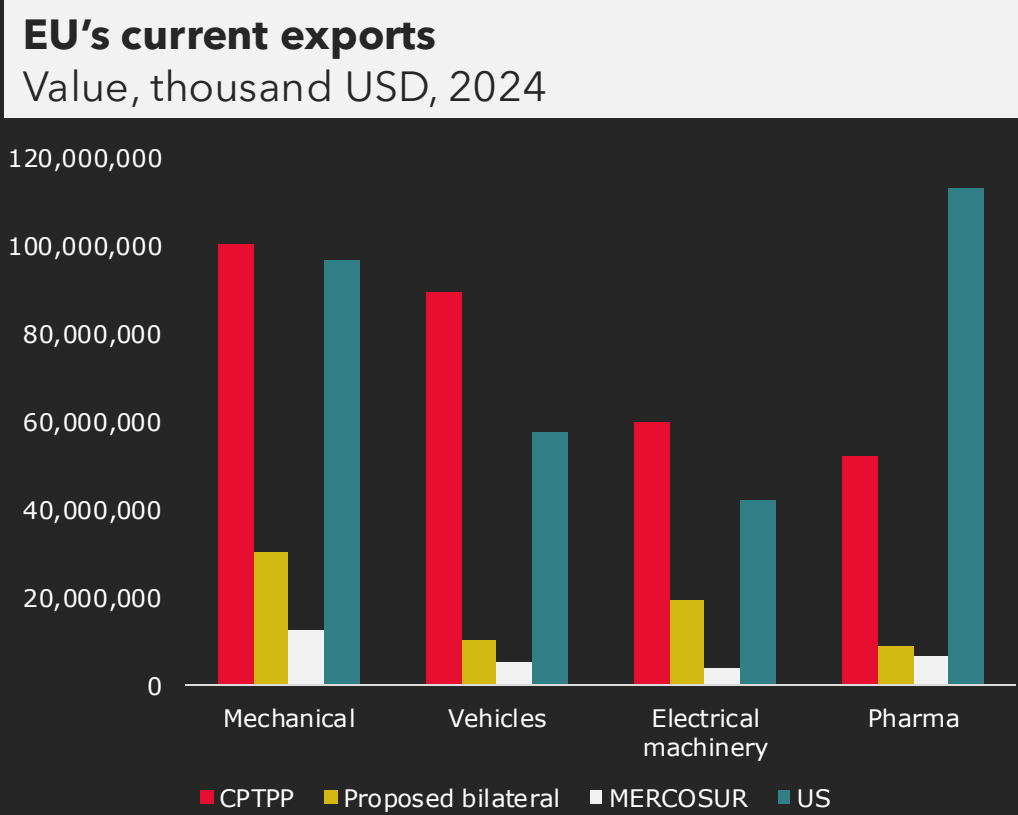
Key takeaways

- Initiatives are long-term, no clear off-ramp
- Strategic industries may become “exempt” from rules-based trade
- Splits within the EU put progress at risk

Source: Onyx

The US is a major market for most EU exports

New FTA's can blunt impacts but only long-term, sustained diversification can reduce US leverage



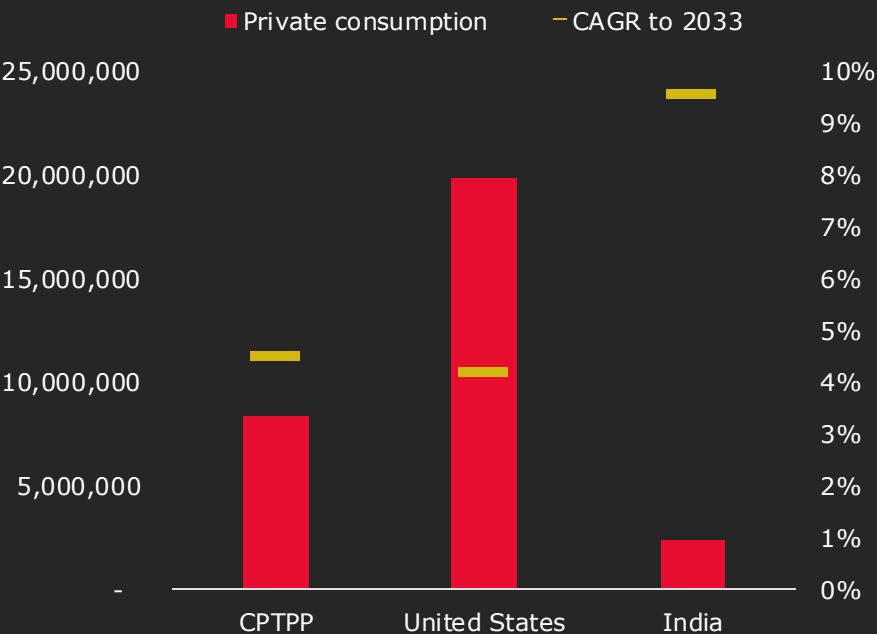
Source: Trademap, Onyx

CPTPP offers scale and a broad economic mix

Existing agreements offer opportunity for collaboration on rules of trade

Consumer market size and growth

US millions, 2024; forecasted growth to 2033



Export complexity ranking

2023



Existing agreements

Australia	Negotiations
Brunei	NA
Canada	Since 2017*
Chile	Since 2025
Japan	Since 2019
Malaysia	Negotiations
Mexico	Since 2000
New Zealand	Since 2024
Peru	Since 2013*
Singapore	Since 2019
UK	Since 2021
Vietnam	Since 2020

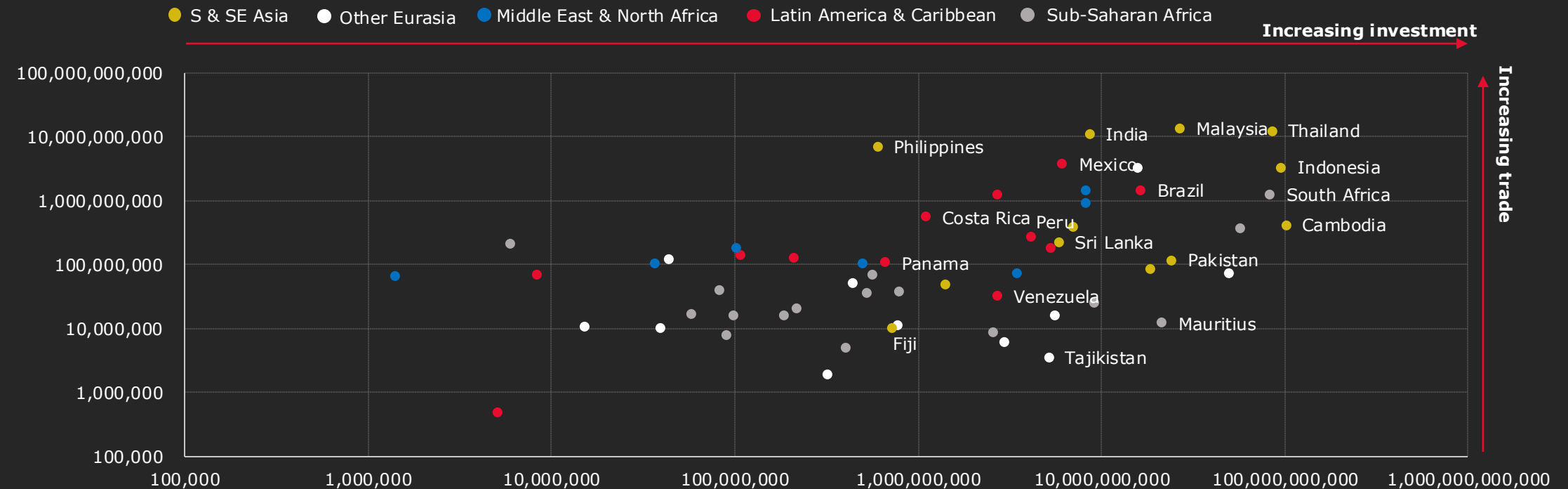
Source: Oxford Economics, Harvard University, European Commission, Onyx
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China's investment drive is closely linked to rising exports

Development of export markets is costly at a time when spending is constrained & competition high

Chinese investment as it relates to change in exports

Change from 2009 to 2023, absolute values, logarithmic scale

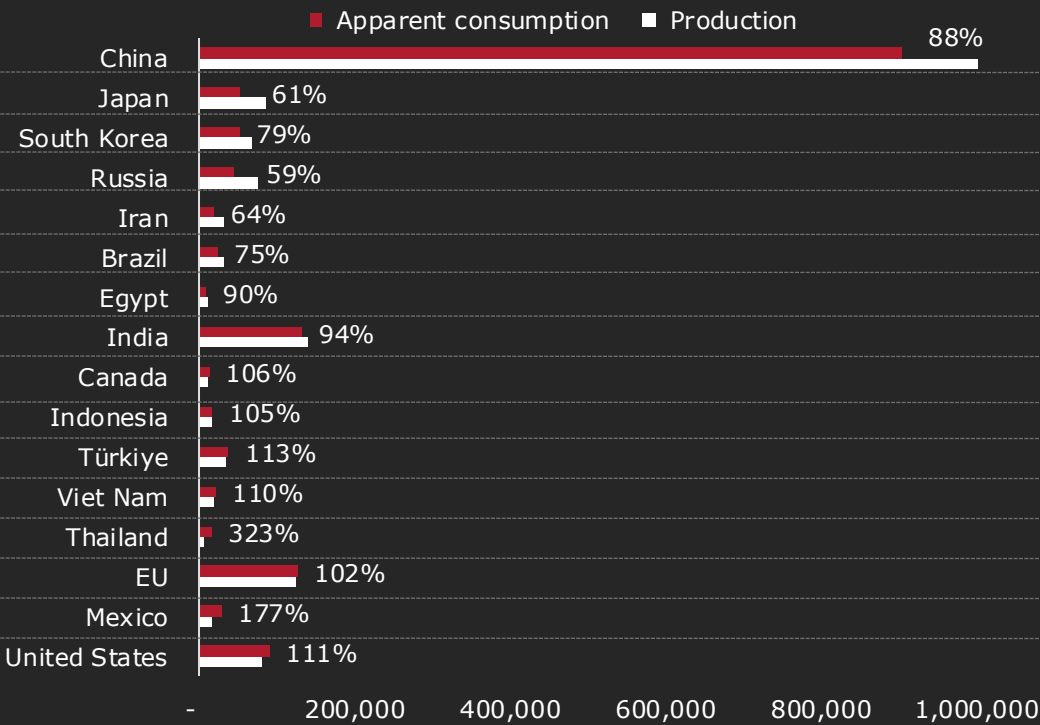


Source: IMF, UNCOMTRADE, Onyx

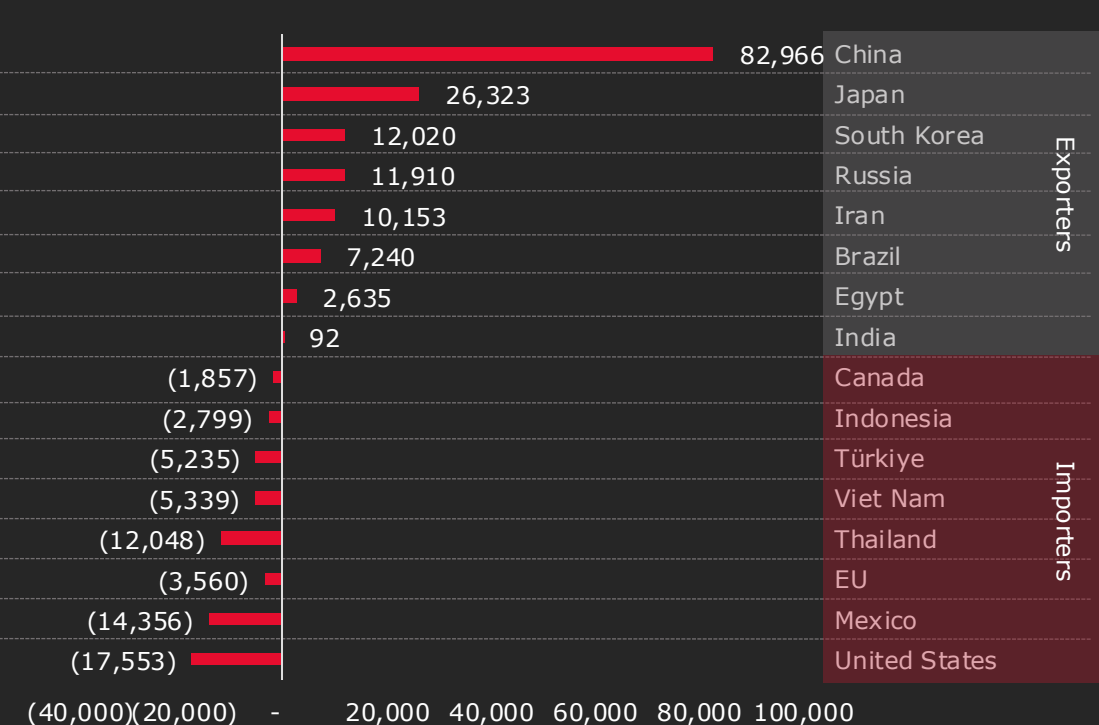
The EU likely to impose stricter steel safeguards

The US and EU may seek to “ring-fence” steel to protect domestic production

Steel production and consumption
Consumption % of production, thousand tons, 2023



Net exports of semi- and finished goods
Exports minus imports, thousand tons, 2023



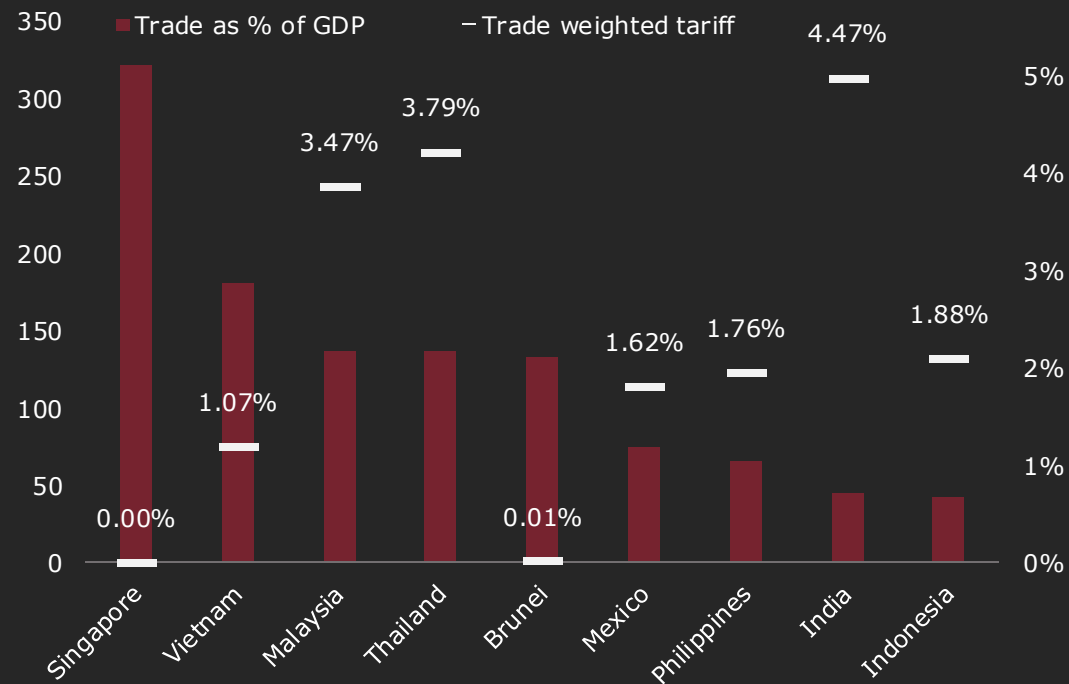
Source: World Steel Association, Onyx

India's challenge: a managed opening and tricky partnerships

Modi's efforts to change India's stance towards the world comes as balancing becomes more difficult

Trade's role in the economy and size of tariff barrier

% of GDP, 2024; % of import value, 2022



Source: Oxford Economics, WITS, Onyx

India faces rapid, large-scale changes

Trade initiatives:

Including the US, EU, UK, Canada

Market positioning:

De-risking from China continues to drive interest; reliance on Chinese inputs

Security concerns:

Conflict with Pakistan; Chinese maritime capability

A more open and business-friendly India is emerging

In response to the global production shift, but the sustainability of this pivot remains a question

Drivers	Internal market reforms		Impact on capabilities	Long-term constraints
Capturing global production shift from China (2020-present)	Tax	- No income tax for 85% of people who file tax returns (income < 1.2mn rupees) - Simplified GST to two rates (5%, 18%)	- Boosts consumption - Reduces tax complexity	- Revenue hit at state-level - Further employment and consumption reforms needed
	Trade/Industrial	- Foreign Trade Policy and PLI to boost domestic production with export focus - Potential trade expansion: CPTPP, RCEP, EU, China (?)	Pivots from producing for domestic consumption to foreign exports	- Continued focus on import substitution - Agri. protectionism
Managing US trade policy volatility (2025-?)	Infrastruc-ture	Much-needed air and seaport upgrades with an emphasis on regional transport connections	- Lower logistics cost - Improved connectivity for west-bound exports	Port congestion and long customs clearance times still exist due to dated systems
	Labor	Consolidation of over forty laws into four labor codes	Simplified hiring and reduced regulatory risk	- Uneven and delayed implementation in states - Dilution of worker protections

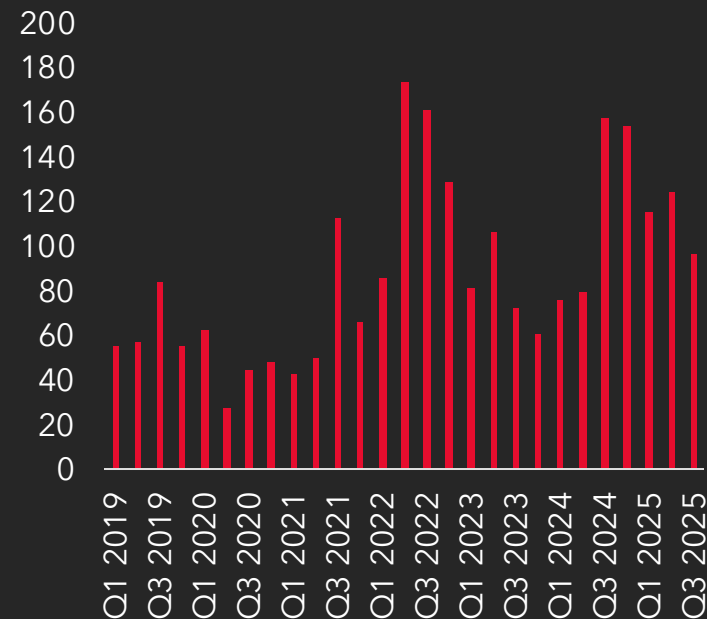
Source: Onyx

This shift is the most apparent in the tech industry

India's courting of tech FDI belies hurdles stemming from protectionism and policy deficiencies

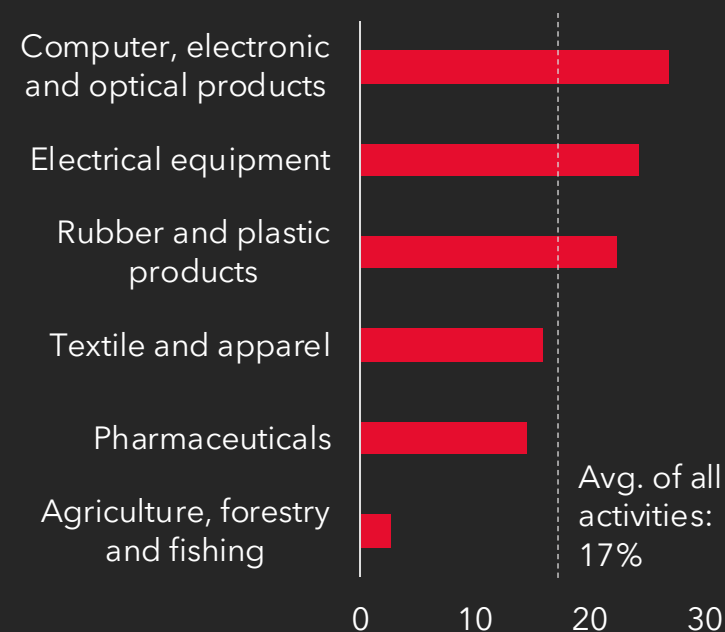
Inbound tech FDI

No. of projects



Import content of India's exports

Foreign value added in India's exports (%)



Policy deficiencies

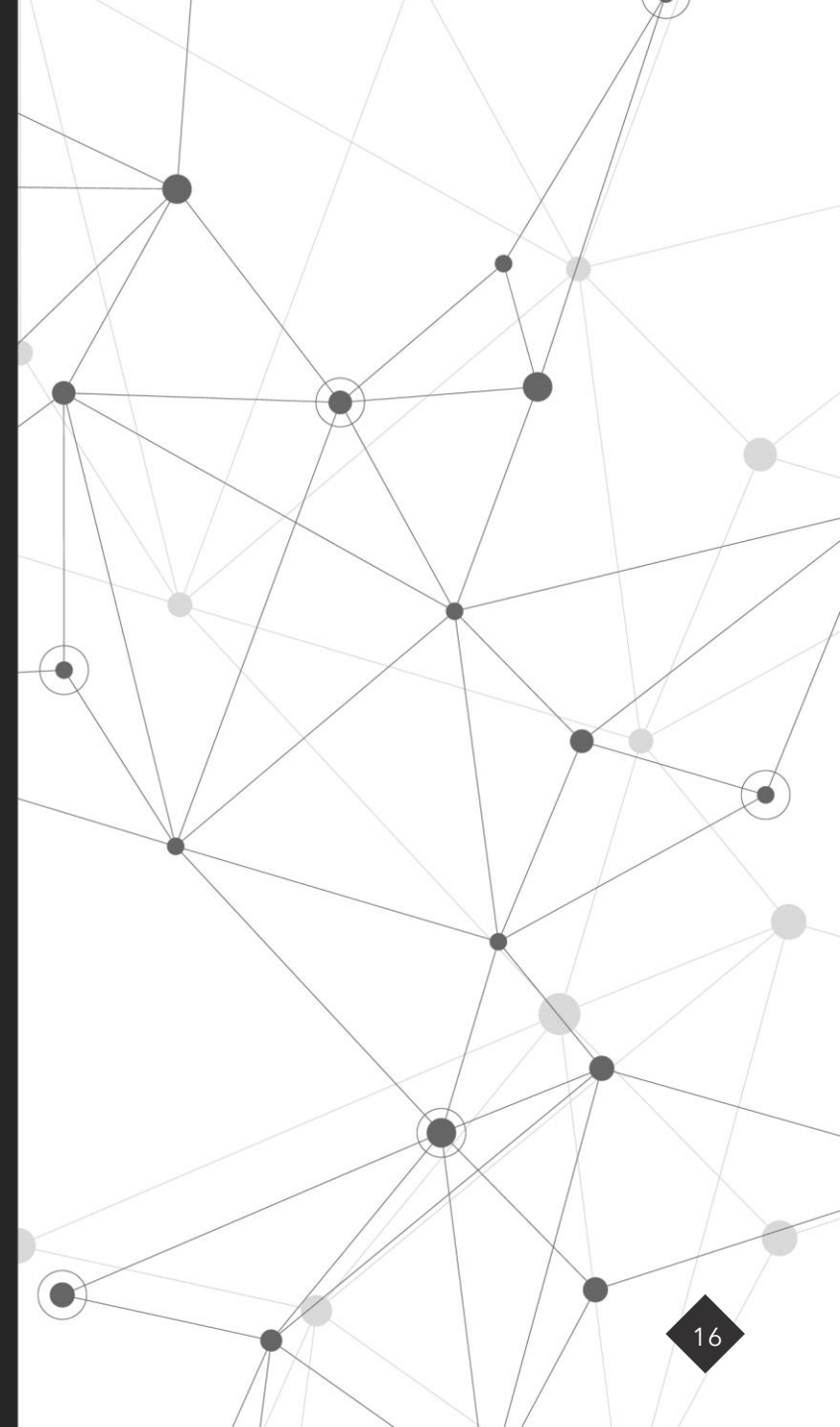
- Low local value addition as essential components like semis, printed circuit boards remain largely imported
- Lack of mature ecosystem; PLI incentivized primarily assembly rather than deep manufacturing
- Import restrictions on raw materials such as gold compounds, rare earths

Source: GlobalData, OECD, Onyx

Section Three



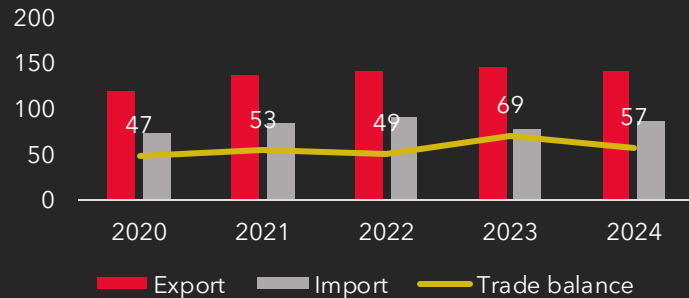
East Asia



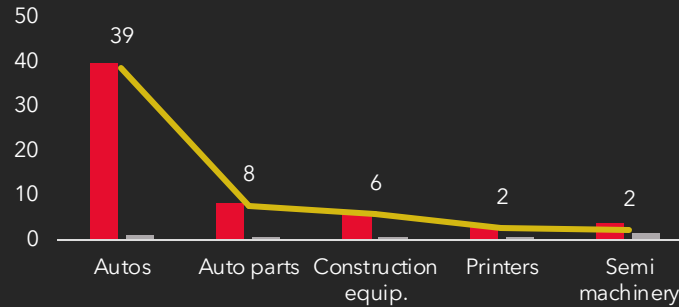
Japan, South Korea doubly exposed to the US in trade and defense

Reliance on exports to the US and lack of domestic purchases increases risk of revision to deals

Japan-US trade imbalance, US\$ Billions



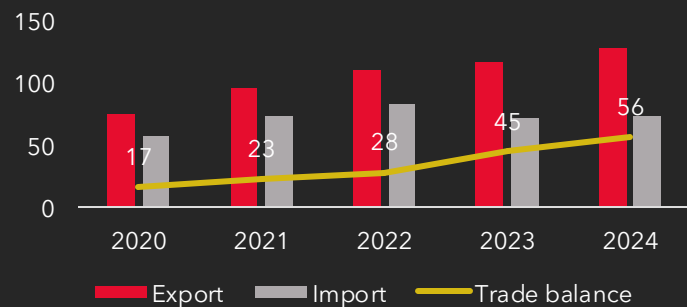
Products with largest trade imbalance



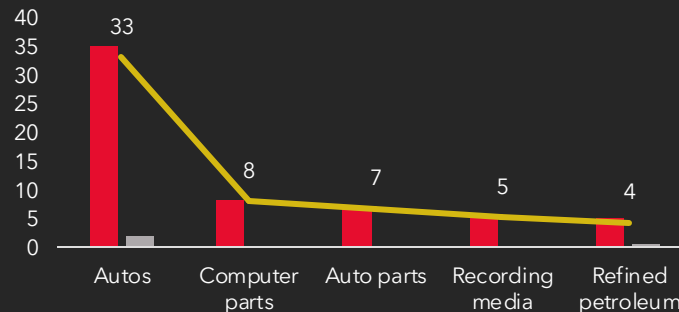
Reliance on the US is high

- Trade surplus with the US is concentrated in autos, a politically sensitive industry
- For Korea, this surplus has been growing steadily and will be a lightning rod, raising questions over the finality of reciprocal trade deals
- Domestic markets are not primed nor receptive to US goods: rice and autos
- Defense goods and energy are high purchase goods

Korea-US trade imbalance, US\$ billions



Products with largest trade imbalance

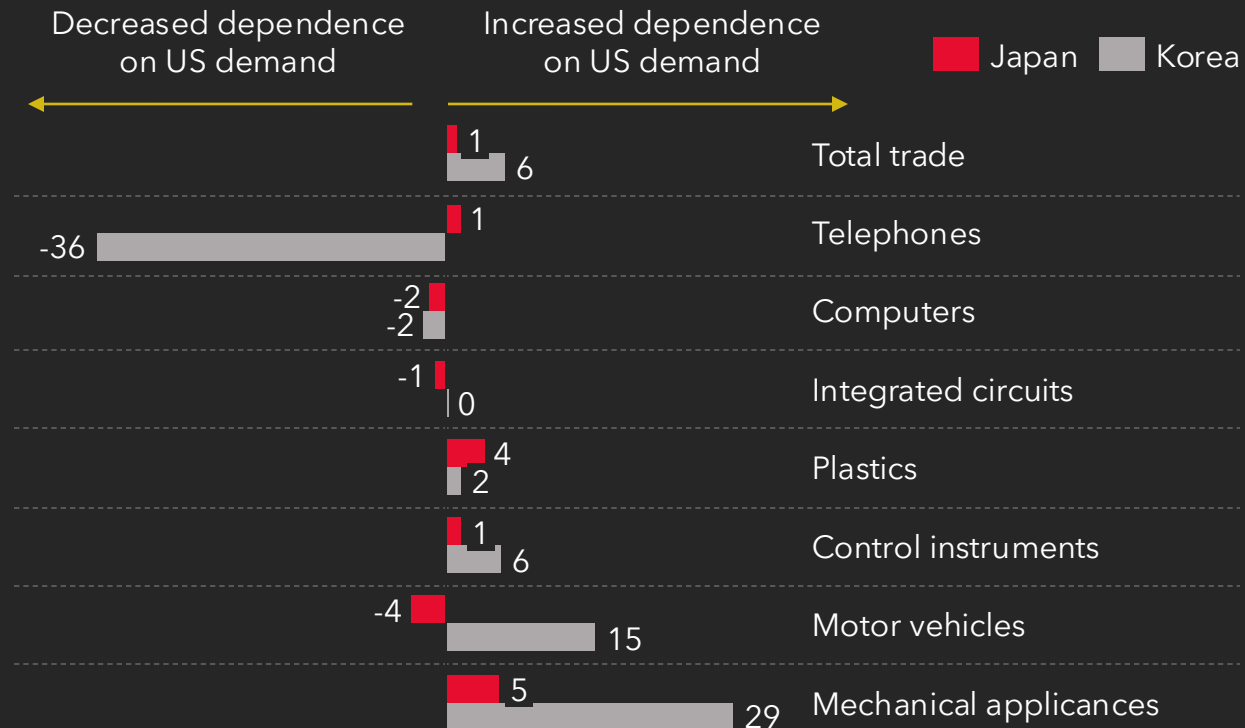


Source: WITS, Onyx

Diversification of demand from the US is the real challenge

Dependence on the US market in exports has grown since 2018

Difference in share of exports to the US, 2018 v. 2024
% of total exports



1

Korea is more exposed than Japan to volatility in US trade policy across all goods.

2

This reliance is particularly strong in industrial goods, such as mechanical appliances and control instruments.

3

Korea's auto industry is more exposed to incoming auto tariffs than Japan's.

4

Korea has made progress in diversifying its smartphone exports, particularly to China and Vietnam.

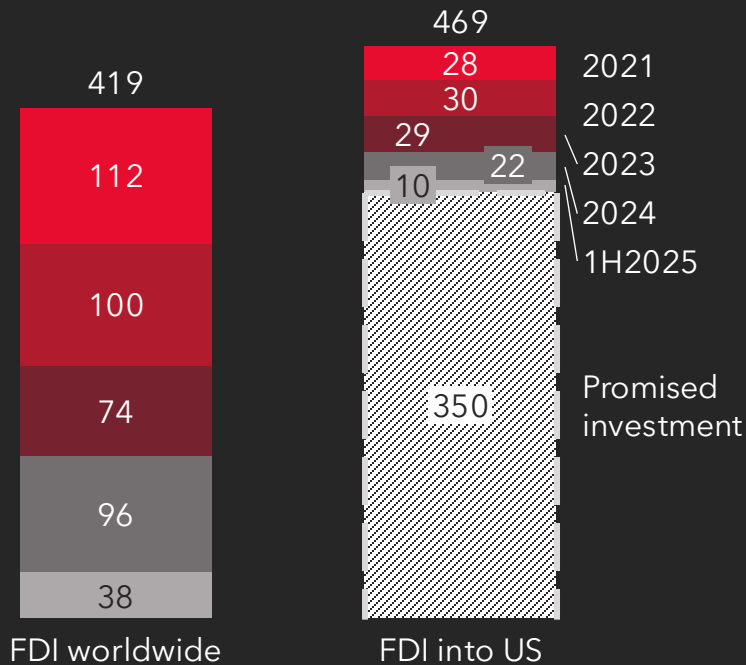
Source: Trademap, WITS, Onyx

Promised investments will deepen Korea's dependence

Investments into the US will likely proceed, but at a slower clip across the administration's tenure

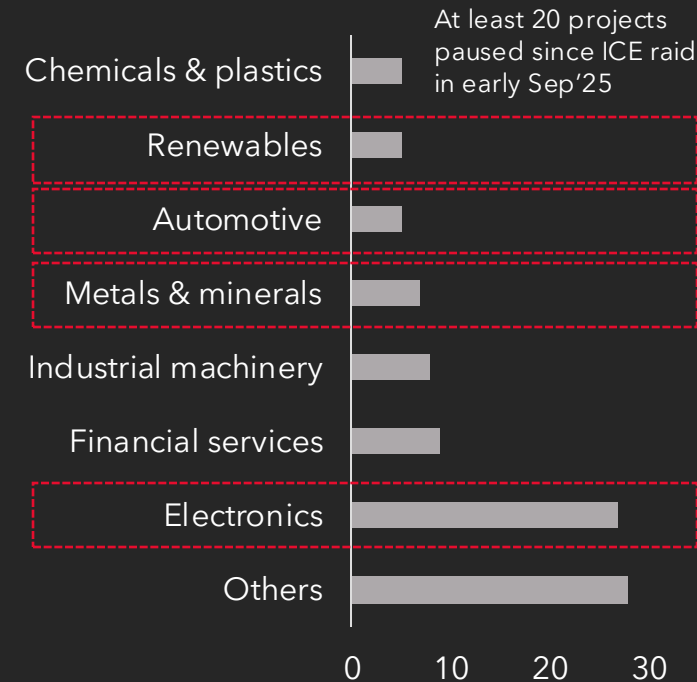
Promised FDI under reciprocal trade deal

US\$ Billions



Greenfield FDI by sector

Project count (2021-2025)



Strategic pivot under question

- Business community concerned over US political risk, the weight of 15% tariffs on Korea's growth, and tech restrictions on Samsung and SK Hynix's operations in China
- Promised investment also poses fx risk: President Yoon called for a swap line to reduce downward pressure on Korean won
- Implementation hurdles mean Korea will likely delay projects until G2G details are hashed out

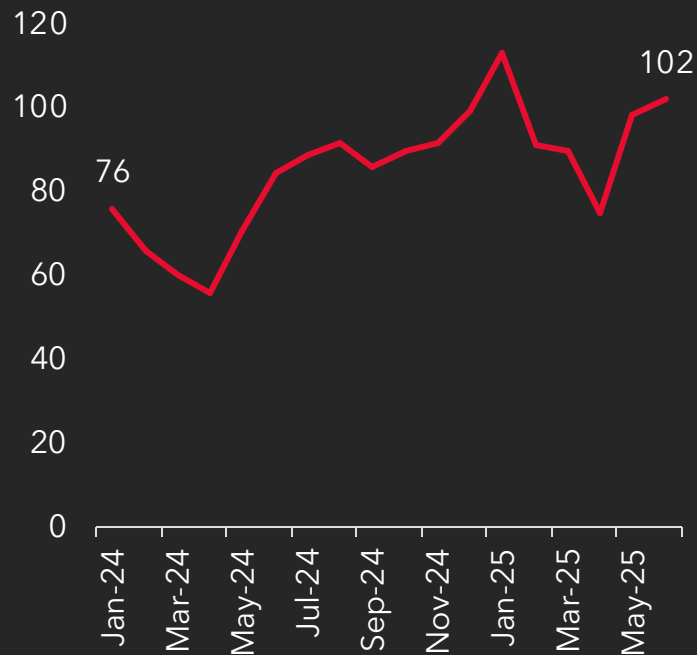
Source: EXIM Bank Korea, GlobalData, Onyx

China's diversification from the US market is faster than expected

But the world can only absorb so much as overproduction at home is slow to be rectified

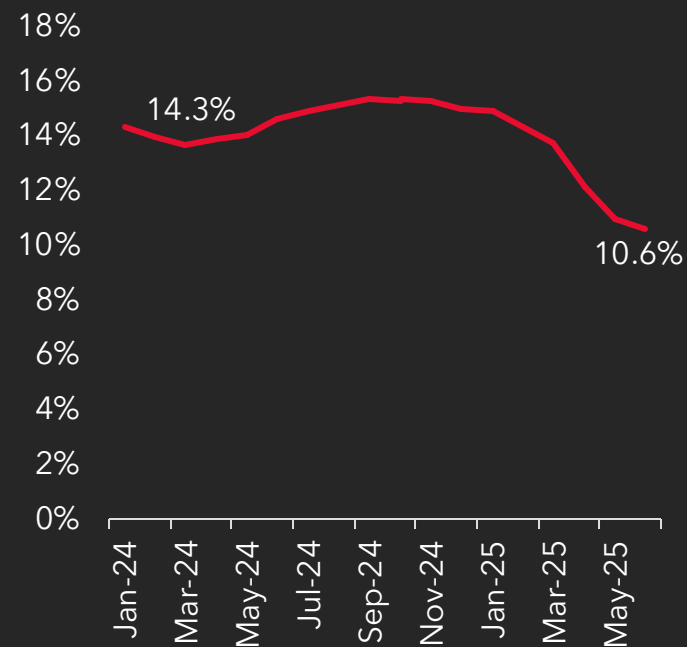
China's trade surplus with the world

US\$ billion, 3-month moving avg



The US as a share of China's exports

% of total exports, 3-month moving avg



Tackling domestic overproduction

Supply-side measures

- Regulatory meetings with EV and solar sectors to address price wars and production
- Draft amendment to pricing law proposed
- Public criticism of over-investment
- Suspend steel capacity replacement policy

Demand-side measures

- Consumer trade-in programs

Source: Trademap, Onyx

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