



### **Concept Note**

Rising protectionism, growing unilateral trade measures, and the erosion of multilateral dispute settlement mechanisms have disrupted established supply chains and created market volatility worldwide. The fragmentation of global value chains and the increasing use of tariffs and non-tariff barriers are expected to slow down global growth, disproportionately affecting developing countries that are heavily dependent on external markets. These countries, therefore, need to reconsider their trade strategies.

One of the most significant shifts emerging from this disruption is the renewed emphasis on strengthening South–South trade and regional cooperation. For example, China has actively pursued deeper economic ties with Southeast Asian nations such as Cambodia, Malaysia, and Vietnam, while strengthening its position within regional trade blocs like the Regional Comprehensive Economic Partnership (RCEP), which notably excludes the United States. India, likewise, has pursued a range of free trade agreements with ASEAN, Japan, and the Republic of Korea, among others, to expand its regional engagement. Smaller economies such as Fiji and Zimbabwe are also seeking alternative export destinations in an effort to hedge against the volatility caused by the current trade environment.

For major regional economies of the Global South, like India and China, the current crisis presents both substantial challenges and unexpected opportunities. Recent discussions between Indian and Chinese leaders, particularly during the SCO Summit 2025 in Tianjin, where Prime Minister Narendra Modi participated, have signalled a cautious willingness on both sides to explore practical mechanisms for economic collaboration. At the Summit, both nations agreed to resume direct passenger flights, reopen border trade points, and ease visa regulations. These measures are expected to reduce transaction costs and revive stalled commercial links. Additionally, both sides acknowledged the complementarity of their economies—China in manufacturing, electronics, and infrastructure; and India in pharmaceuticals, IT services, and agribusiness. There is emerging interest in cooperating

on critical sectors such as clean energy, digital technology, rare earths, and logistics infrastructure. These developments could contribute significantly to building resilience across the broader Asia-Pacific region. Furthermore, the Summit reaffirmed both countries' commitment to a multipolar world order and a more equitable global trade system, enhancing the relevance of platforms, such as the SCO and RCEP in promoting South-South economic cooperation.

## **Purpose of the Workshop**

In response to these evolving challenges and opportunities, RIS, the Centre for Economic and Sustainable Development (CESDAsia) and the UNESCAP Subregional Office for South and South-West Asia are jointly organising a high-level brainstorming workshop. The purpose of the workshop is to engage with leading thinkers, policymakers, and trade experts to examine the evolving global trade landscape and identify strategic responses through regional and South-South cooperation.

The workshop will focus on five key areas: First, it will explore how Asia-Pacific economies can collectively mitigate the negative impacts of current trade tensions by enhancing South-South trade initiatives. Second, it will examine practical steps to strengthen regional value chains, particularly in high-impact sectors such as electronics, pharmaceuticals, and agribusiness. Third, the discussion will consider which sectors-such as textiles, technology, agriculture, and clean energy- hold the greatest potential for collaboration in fostering regional trade resilience. Fourth, the workshop will assess the role which multilateral institutions like the World Trade Organisation (WTO) can play in addressing the legal and economic consequences of unilateral trade actions, particularly for developing nations. Finally, it will assess how broader trade policy cooperation between India and China can facilitate South-South trade and whether this can contribute to long-term economic resilience for the global South.

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