



Prospects for Advancing Economic Resilience through the Future of Investment and Trade Partnership (FIT-P)

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SYNOPSIS

FIT-P reflects a pragmatic pathway for trade-dependent small and middle powers to operationalise and strengthen economic resilience without devolving into paralysis. Its long-term utility would hinge on whether it can deliver constructive outcomes at scale and mitigate its exposure to the centrifugal effects of global fragmentation.

COMMENTARY

The establishment of the Future of Investment and Trade Partnership (FIT-P) in September 2025 occurred amidst significant unease within the multilateral trading system. Despite steady, albeit uneven, global economic performance over the past year, growth prospects have dimmed, with uncertainty deepening over the durability of established rules, norms, and expectations governing trade and investment cooperation.

Amongst other reasons, this has motivated small and middle powers to explore alternative plurilateral arrangements, such as FIT-P. However, what does such a partnership entail, and what are its prospects for advancing economic resilience amidst systemic flux?

FIT-P emerged in a period of structural geoeconomic shifts, characterised by the restructuring of the international rules-based order. There is now clearer recognition that a transition has occurred from a predominantly liberal Western-centric architecture to a more transactional, multipolar environment shaped by intensifying US–China strategic competition.

For the West, the drivers of this transition have been as much internal as external. Despite aggregate economic growth, domestic pressures have intensified, including

stagnant middle-class incomes and widening inequality, and persistent inflationary concerns. These pressures have contributed to anti-globalist inflection points, such as Brexit, the election of the first and second Trump administrations, and a broader societal tilt toward social conservatism, economic nationalism, and protectionist trade policies.

A major tipping point was the election of Donald Trump to a second term in November 2024. In line with campaign commitments, the administration moved quickly to tighten immigration controls, withdraw from or downgrade participation in several multilateral organisations, and demand greater burden-sharing from longstanding allies across security and economic domains.

In early 2026, the Trump administration withdrew the US from 66 international organisations and entities, including the UN Framework Convention on Climate Change. Trade-dependent small and middle powers, such as those in Southeast Asia, have felt the geoeconomic consequences particularly acutely.

The renewed use of unilateral measures, especially through the US “Liberation Day” tariffs, has generated a significant shock to the regional and global economic environment, compounded by the US–China trade war and ongoing conflicts such as Russia’s invasion of Ukraine.

Beyond their immediate distributive effects, these measures have catalysed broader economic uncertainty and weakened confidence in the continuity of systems that historically underpinned growth. This has led to greater scrutiny of the geoeconomic nexus in multilateralism, with critical supply chains, infrastructure, and energy resources emerging as key sites of strategic contestation.

Worryingly, since 2019, members of the World Trade Organisation (WTO) have increasingly invoked the “national security” exception under Article XXI of the General Agreement on Tariffs and Trade (GATT) to justify trade measures, even on benign goods such as cocoa beans, lighting products and doorframes. This is notwithstanding the continued inoperability of the WTO Appellate Body, with the US blocking the appointment of new members.

In response to such trends, ASEAN has established a Geoeconomics Task Force to integrate economic and strategic considerations better and convened, for the first time, a Joint Foreign and Economic Ministers’ Meeting at the 45th ASEAN Summit in October 2025.

The Stabilising Role of FIT-P

Against this backdrop, leaders have increasingly recognised the value of minilateral and plurilateral arrangements in retaining state agency and sustaining practical and principled cooperation.

As Singapore’s Minister for Defence Chan Chun Sing recently noted, “Even in the absence of strong global leadership, like-minded states have the agency and responsibility to uphold rules and norms, at least at the regional or sectoral level”.

Importantly, FIT-P's origination by its co-convenors – Singapore, New Zealand, Switzerland, and the United Arab Emirates – had begun in 2023, well before the “Liberation Day” tariffs.

FIT-P represents such an effort by small and middle powers to manage risk collectively, neutrally and with agency. Operating under WTO principles, it is explicitly positioned as a complementary rather than a substitutive mechanism. All 16 current members – Brunei, Chile, Costa Rica, Iceland, Liechtenstein, Malaysia, Morocco, New Zealand, Norway, Panama, Paraguay, Rwanda, Singapore, Switzerland, the United Arab Emirates (UAE) and Uruguay – share economic characteristics oriented toward globalisation and open markets, of which have historically driven growth but also heightened exposure to trade volatility and systemic fragmentation.

FIT-P pursues four objectives: i) supply chain resilience, ii) investment facilitation, iii) non-tariff barriers/trade facilitation, and iv) trade technology. It does not seek to be a primary platform for negotiating substantive trade agreements. Instead, FIT-P prioritises practical, incremental outcomes, calibrating the scope of cooperation according to each state's comparative advantages and geopolitical realities.

Accordingly, its agreements are non-binding and non-legal, participation is flexible, and non-members can participate in initiatives with at least 75 per cent member support.

Broadly, the partnership is intended to offer stability – whether in perception or in practice – within an increasingly volatile environment. This functions as a stabilising signal on several levels. For policymakers, FIT-P enables a collective platform for members to manage a turbulent transition to a multipolar international order, while retaining greater agency to frame and protect core economic interests.

By focusing on mutually acceptable workstreams such as digital and paperless trade, strengthening the rules-based trading system, and leveraging technology, progress becomes tangible without becoming entrapped in political quagmires.

Pursuing an outcome-oriented agenda also demonstrates that the rules-based systems underpinning prosperity remain adaptable and functional, rather than obsolete.

As FIT-P reaffirms key principles of globalisation – such as market openness, fairness, and rules-based cooperation – through practical deliverables, it depoliticises and strengthens its legitimacy for all.

While this does not negate strategic competition, it mitigates the trend toward using unilateralism as a default response to uncertainty. More tangibly, the partnership also diversifies members' options by expanding networks and enabling issue-based cooperation among subsets of members with shared priorities.

Structural Constraints and Future Pathways

Nevertheless, FIT-P remains constrained by broader structural dynamics. Coalitions of small and middle powers cannot fully insulate themselves from global economic [fragmentation](#), such as the continued erosion of confidence in the WTO, or the standing [possibility](#) that the US withdraws from the International Monetary Fund or the World Bank.

For FIT-P, this can create a glass ceiling, as its effectiveness and existence remain linked to the wider system's capacity to deliver constructive outcomes, despite increasing circumscription by political realities. This is notwithstanding that [scepticism](#) of globalisation and its distributive foundations remains salient, with [grievances](#) around affordability pressures and perceived elite capture driving mandates for more protectionist and securitised economic statecraft.

Additionally, FIT-P will need to carefully navigate geoeconomic polarisation and great-power pull factors, particularly if its membership expands. This could arise through military-security alignments, economic dependencies, or proximity to sensitive geopolitical flashpoints.

As FIT-P seeks to insulate itself from great power pressures, the partnership may also be tested if more explicitly aligned states – or the great powers themselves – seek membership or participation in initiatives.

While FIT-P has adopted a “flexible geometry” to advance initiatives if it garnered a sufficient “critical mass” of support, this balance would need to be managed to ensure that non-adoption does not dilute the credibility or signalling value of FIT-P’s agreements.

In the long term, FIT-P’s relevance will rest on its ability to translate flexibility and shared interests into tangible outcomes. In doing so, it can reinforce multilateral trade cooperation as a pillar of economic resilience for small and middle powers within an increasingly securitised geoeconomic environment.

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