



Trade Update Fall 2018

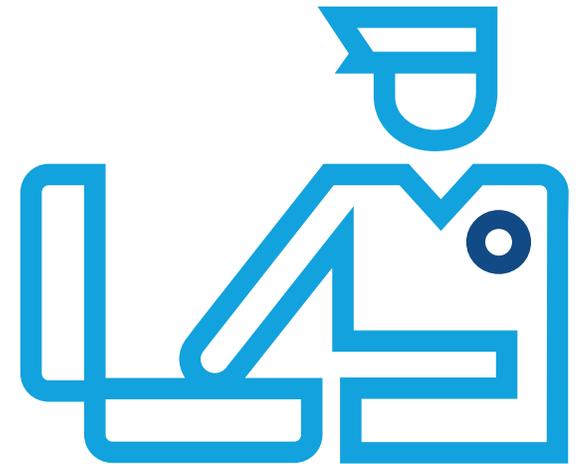


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NAFTA

- “NAFTA Modernization” Update
 - Tentative deal with Mexico
 - Canadian talks still ongoing
 - Still needs to get approved by U.S. Congress (April at the earliest)
 - Implementation June 2019 at the earliest
 - Sec 232 (Steel and Aluminum tariffs) used as leverage with Mexico and Canada





TRADE WAR -MANY MOVING FRONTS

WHAT IS CURRENTLY IN PLACE

Date	Sec 232 (National Security)	Sec 301 (Unfair Trade Practices)
March 23	US Imposes Tariffs on Chinese Steel and Aluminum and delays tariffs on EU, Mexico, Canada and others	
April 1	China places \$3 Billion of tariffs on pork, wine, etc	
June 1	US begins tariffs on EU, Mexico, Turkey, India, Canada, and others for steel and aluminum.	
June 5	Mexico places tariffs on US pork, apples etc (\$3B)	
June 21	Turkey places tariffs on US alcohol, etc (\$1.8B)	
June 22	EU places tariffs on US whiskey, etc (\$3.2B)	
July 1	Canada places tariffs on \$13B worth of US goods	
July 2	US Chamber begins campaign against trade war	US Chamber begins campaign against trade war
July 3		Sec 301 tariffs made eligible for duty drawback
July 6	Mexico increases and adds tariffs to June 5 list (pork at 20%, cheese, etc.)	US imposes tariffs on \$34B in Chinese goods China retaliates immediately with \$34B in US goods



TRADE WAR -MANY MOVING FRONTS

WHAT IS CURRENTLY IN PLACE

Date	Sec 232 (National Security)	Sec 301 (Unfair Trade Practices)
July 25	US announces \$12B relief program for US farmers impacted by trade tariffs	US announces \$12B relief program for US farmers impacted by trade tariffs
July 24		Public hearings on additional List 2 (\$16B) in tariffs on Chinese goods
Aug 20		Low level Chinese delegation visits DC for trade talks
Aug 23		US imposes tariffs on additional List 2 (\$16B) in Chinese goods. China retaliates immediately with \$16B in US goods.
Aug 20-25		Public hearings on additional \$200B in tariffs on goods from China draw over 350 executives to DC to testify for and against (List 3)
Sept 24		List 3 (\$200B) implemented on Chinese imports to US



SECTION 301 – LIST 1 CHINESE MADE ITEMS



- Chemicals
- Pharmaceutical products
- Rubber products
- Metals including iron and steel
- Nuclear reactors, boilers, machinery and equipment
- Electrical machinery
- Rail locomotives, rolling stock and equipment
- Automotive and other vehicles as well as parts
- Aerospace products and parts
- Ships and boats
- Other parts and components for automotive, aircraft and ships



SECTION 301 – LIST 1 U.S. MADE ITEMS



- Pork
- Soybeans
- Poultry
- Corn
- Fish and Seafood
- Dairy products
- Produce
- Nuts
- Rice
- Pet Food
- Cars and SUVs



SECTION 301 – LIST 3 CHINESE MADE ITEMS



- Frozen seafood
- Plastics and chemicals
- Metals and stone products
- Spark plugs
- Vacuum cleaners
- Car batteries
- De-humidifiers
- Parts for vending and money machines
- Television antennas
- Semi-conductors
- Microphones
- Toaster housings
- Windshield wipers
- Shaver and clipper parts
- Over 6,000 proposed items





TRADE WAR -MANY MOVING FRONTS

WHAT IS PROPOSED

Date	Sec 232 (National Security)	Sec 301 (Unfair Trade Practices)
May 24	Trump threatens EU automakers with \$200+B in tariffs and starts investigation	
Aug 23		Rumors that List 4 is already drafted (additional \$200B in tariffs on Chinese goods)
Sept 17		List 4 formally announced as possibility





TRADE WAR -MANY MOVING FRONTS

SUMMARY OF TRADE AS OF SEPT 24TH – IN BILLIONS BASED ON 2017

Country	US Imports (Tariffs)	US Exports (Tariffs)	% Overall Trade Impacted	Proposed Tariffs (Imp & Ex)
China	\$505 (\$250)	\$130 (\$110)	56.7%	\$255 more for List 4
Canada	\$299 (\$13)	\$282 (\$13)	4.4%	None
Mexico	\$314 (\$3)	\$243 (\$3)	1%	None
E.U.	\$434 (\$3.2)	\$283 (\$3.2)	0.8%	\$200+ in autos

“I always believed he was deadly serious about China from the very beginning,” said Stephen Moore, a conservative economist and outside White House adviser, recalling his time with Trump during the campaign. “I’m not at all surprised that we’ve come to this point. I am a little surprised that China hasn’t been more conciliatory. **But I think Trump can’t back down, he just can’t. He has to stand toe to toe with China.**”

QUESTIONS?



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