

# The Trade War Dashboard

Keeping you up to date on the Trade War, one of today's most critical issues  
Status, Updates, Impact, What's Next, and Analysis

5/22/19

## 4 Major Updates, 1 Main Point: China is the priority

### US-China Escalation: More tariffs, less talks

Tariffs escalate on both sides; talks at a standstill; future uncertain. Maybe talks get back on track, maybe a protracted, escalated tariff battle ahead.

### Huawei ban: US threatens firm's ability to compete

US executive order could not only shut China giant Huawei out of US market, could also significantly impact Huawei's ability to operate by denying the firm access to US-made components.

### USMCA-Steel Deal: Removes obstacle to passage

Trump administration reaches deal with Canada and Mexico to lift steel tariffs in tandem with USMCA (NAFTA 2.0) passage. This also lifts major hurdle for Congress to pass USMCA.

### Auto Tariff Delay: Postpones EU/Japan showdown

Trump administration announces six month delay in making decision on auto tariffs, postponing potential increase in tension with EU and Japan.

## Main Point: China in the crosshairs

Not difficult to interpret this as the White House reducing tensions elsewhere so as to be better focus efforts on China.

## Trade War Video Series



## US-China Trade Talks on the Brink

Click [here](#) to watch.

*An analysis of best and worst case scenarios, assessing which is more likely. Spoiler alert: While a quick agreement and happy ending is still quite possible, an all-out, high-impact trade war is certainly not out of the question.*

## WHAT'S NEXT

CHINA	<b>New tariffs being implemented, no talks scheduled.</b> US considering even more tariffs to cover almost everything China exports. China might retaliate further, including Huawei retaliation. Xi and Trump might meet in late June at G20 summit.
NAFTA (USMCA)	<b>Congress likely to vote this summer.</b> Removal of steel tariffs eliminates major obstacle. Labor, environmental, and drug price concerns could still be sticking points, mostly for Democrats and Labor..
Japan	<b>Talks underway, but timing uncertain.</b> Negotiations restarted mid-April. Another round of talks in May. Ag and autos are key issues. Difficult to predict potential timing of an agreement.
EU	<b>No restart date set.</b> Negotiations supposed to restart soon but scope yet to be agreed. EU mandate excludes agriculture. US wants AG in. US application of auto tariffs would be a roadblock.
STEEL	<b>Canada and Mexico to be exempted.</b> Tariffs will be removed from Canada and Mexico as part of USMCA. No timing yet for removal of tariffs for other countries.
AUTO	<b>Decision delayed for six months.</b> Trump administration has not said when it will make decision on whether to impose auto tariffs.

# ECONOMIC IMPACT

**Overall: Minimal and mixed impact, Ag hurting the most. That could change with new tariffs.**

- **US trade deficit hits record in 2018, grew slightly again in March.** Overall US growth has remained relatively strong, but sectors are feeling the impact of tariffs. Steel company profits are up, but their stock prices are down, as are steel prices, and steelworker employment has increased by less than 2%. Agriculture, particularly soybean farmers, has been hit the hardest. New tariffs will increase the impact. Still unclear as to ultimate impact.

**Update: USMCA gets positive impact assessment from USITC**

- **New tariffs on China will increase overall impact, further disrupt supply chains, and hit US consumers directly.** Companies have been moving some manufacturing out of China. Breadth of additional tariffs will make that difficult for some parts. Past tariffs have been applied mostly to intermediate products for which manufacturer might absorb the cost. New tariffs will apply more substantively to consumer products, likely having more direct impact on prices. Impact of tariffs on overall economy likely to increase.
- **Huawei ban imperils company's competitiveness and threatens escalation of tensions.** The White House issued an executive order limited how American companies can do business with Chinese telecomm giant, Huawei. Denying Huawei access to key components could seriously curtail its operations. Severe impact on important company could prompt China to retaliate more severely than in the past.
- **Ag looking for relief from Canada, Mexico, and White House** The agricultural sector continues to be the most impacted. Now that steel tariffs will be removed, implementation of USMCA should help. White House is considering another aid package as well. But unlikely to have huge impact as sector continues to face high bankruptcy levels.

# NEGOTIATIONS/AGREEMENTS

**Overall: Two deals done (NAFTA and SK), three to go (China, EU, Japan)**

- **China is the current priority, but talks have stalled.** NAFTA and the South Korean trade deals have been renegotiated. Japan and EU are still in early stages; scope not yet clear.

**Update: US-China talks stalled. Future murky. All-out tariff war looms.**

- **US says China reneged on earlier promises, applies tariff increase, threatens tariff on virtually all Chinese exports. China retaliates in limited fashion, contemplates next action. Talks stalled.** Rapid series of actions from 5/9-14 completely changed tone of the discussions. US poised to escalate tariffs. Unclear if China intends to harden its position or return to the table.
- **Postponing decision on auto tariffs likely means EU and Japan discussions will be on back burner.** The White House has said it would like a quick deal with Japan on agriculture (AG) but Japan is reluctant to make an AG deal outside of a general deal pertaining to autos, industrial, etc. EU and US still sparring over scope of future discussions, whether or not to include AG. Time table of future actions very uncertain.

# POLITICS

**Overall: Intense debate over new trade agreements likely, congressional opposition possible**

- **Support and opposition exist on both sides of the aisle** for much of the trade war agenda, including the new NAFTA (USMCA) and China. Two Senate bills have been introduced seeking to curtail unilateral trade action by the Executive Branch. Plus presidential election politics could play a role. Yet most still supportive of hardline stand against China.

**Update: USMCA closer to passage, obstacles remain. Support for China strategy might be tested.**

- **Eliminating steel tariffs for Canada and Mexico, which politicians on both sides of the aisle, plus Canada and Mexico, wanted, is big step toward passage. Other issues remain.** Democrats want to ensure labor and environmental standards are enforceable. Mexico has said it will abide by the deal but will not renegotiate the deal to meet Democrat concerns.
- **Public and political support of the China strategy remains fairly strong, but increased economic pain could shake that support.** China might even try to hold the line until the 2020 election, just to see if they can get another deal.

# Article Links

## ***ECONOMIC IMPACT***

[Rural America feels the sting of Trump's China trade war](#)

[What the trade war will cost you -- and what items you should consider buying now before prices ...](#)

[U.S. Farmers, Wanting a Trade Deal, Brace for Aid Package Some Fear Will Fall Short](#)

[Here's how hard the escalating tariff fight will hit the economy](#)

[U.S. trade gap widened slightly in March](#)

[The U.S. Economy Isn't Tariff-Proof](#)

[More Tariffs Are Exactly What China Inc. Doesn't Need](#)

[Seeking To Deflate Trade Tensions, EU Will Double US Gas Imports In Five Years](#)

[China's Economy Was Losing Steam Even Before Trump's New Tariffs](#)

## ***Trade Actions and other Trade Issues***

[U.S. Slaps Higher Tariffs on Chinese Imports as Trade Talks Resume](#)

[China is raising tariffs on \\$60 billion of US goods starting June 1](#)

[Britain to allow Huawei restricted access to 5G network](#)

[Trump Telecom Ban Takes Aim at China, Huawei](#)

[U.S. Trade Salvo at Huawei Threatens Its 5G Ambitions](#)

[China's tech transfer problem is growing, EU business group says](#)

## ***NEGOTIATIONS/AGREEMENTS***

[U.S. Seeks to Resolve Other Trade Disputes Amid China Impasse](#)

[Trump says Xi wrote him 'beautiful letter' as trade talks begin](#)

[U.S.-China Trade Talks End Without a Deal](#)

[Trump Says No Rush to Reach Deal with China as Trade War Escalates](#)

[China's official party mouthpiece warns US it risks making 'mistake after mistake' in trade war](#)

[Here's how China may retaliate to Trump's tariff hike](#)

[Blacklisting Huawei takes the US-China trade war to a dangerous new level](#)

[China Downplays Chances for Trade Talks While US Plays 'Little Tricks'](#)

[China vows a "fight to the end" in trade feud with America](#)

[China 'in no rush' for another trade war talks trip by US Treasury Secretary Steven Mnuchin](#)

## ***POLITICS***

[Trump and 2020 Democrats Stake Out Dueling Views on China Trade](#)

[Broad Support for Trump's China Fight Faces Test as Tariffs Escalate](#)

[Farmers are hurting, but they still support Trump and his trade war — for now](#)

[Democratic leaders slow-walk Trump USMCA trade deal despite concessions](#)

[Canada vows 'full speed ahead' on ratifying trade pact after US lifts metals tariffs](#)

[Trump tells Congress to ratify North American trade deal before dealing with infrastructure](#)