

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

6/11/19

UPDATE:

Trade War calms down and drags on

Mexican Stand Down: No new tariffs for Mexico

The US and Mexico reach an agreement on immigration which includes Mexico increasing National Guard presence at southern border. Removes a potential obstacle to passage of USMCA. Sparks domestic debate as to what concessions US actually received.

Chinese Standstill: Posturing, but no movement, for US & China

From tourism to rare earth materials and regulatory enforcement, China continues to preview the types of retaliation it can deploy. Trump and Xi mutually confirm their friendship, but no other attempts at progress have been made. Meeting between the two at G-20 conference in late June looks to be next opportunity for progress.

WHAT'S NEXT

CHINA	New tariffs being implemented, no talks scheduled. Both sides preparing additional measures, including tariff and non-tariff barriers. No end in sight. Xi and Trump might meet in late June at G20 summit.
NAFTA (USMCA)	With threat of new Mexico tariffs suspended, should move toward Congressional vote. Removal of tariff threat relative to immigration puts the agreement back on track toward congressional approval, although that is not a lock as Democrats still have objections related to labor and environmental provisions. Canada and Mexico are positioned to move forward. Could be put to a vote later in the summer.
Japan	Talks underway, but timing uncertain. Negotiations restarted mid-April. Another round of talks in May. Trump visit to Japan, accompanied by trade team, helped progress. But still difficult to predict potential timing of an agreement. Ag and autos are key issues.
EU	No restart date set. Negotiations supposed to restart soon but scope yet to be agreed. EU mandate excludes agriculture. US wants Ag in. Delayed auto tariffs removes immediate need for an agreement.
STEEL	Canada and Mexico to be exempted. Tariffs will be removed from Canada and Mexico as part of USMCA. No timing yet for removal of tariffs for other countries.
AUTO	Decision delayed for six months, until late 2019. 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 as tariffs escalate.

- **US trade deficit hits record in 2018, grew slightly again in March, fell slightly in April.** 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: Mixed signals relative to impact. Overall economy remains strong. Higher tariffs on China could impact the US consumer. China definitely feeling the impact.

- **While the US trade deficit fell slightly in April, the fall in both imports and exports suggest this is more negative news relative to overall demand as opposed to positive news linked to the tariff impact.** Trump has indicated that, if progress is not made relative to China by the end of June, he will begin raising tariffs on the rest of what China sells to the US. 25% on everything coming from China, plus likely retaliation, could dent the economy in a meaningful way

NEGOTIATIONS/AGREEMENTS

Overall: SK deal is done. NAFTA redone but not passed. China stalled. EU, Japan waiting.

- **Next round of China talks still not scheduled. Unclear on how new tariff threat for Mexico will impact USMCA.** No schedule for next round of Japan and EU talks. Overall situation is murky. Difficult to assess timing of any outcome.

Update: US-China relationship, on the surface, getting more contentious. Also leaving room for more engagement and an agreement

- **The Chinese government warned its citizens that travel to the US can be risky and also advised US companies they shouldn't go too far in restricting its activities with Huawei.** There are reports that foreign companies are feeling increased scrutiny from regulators. This is on top of China's earlier warnings relative to rare earth materials and its announcement that it is creating its own "unreliable" company list. Doesn't mean China doesn't want an agreement. Almost certainly means China wants the US to know it won't take the additional tariffs lying down.
- **On the US side, a new bill has introduced that increases requirements for Chinese companies to go public in the US. US comments and actions relative to the Tiananmen Square Incident and Taiwan have also irked China.** No doubt the relationship is strained and both sides are gearing up for the possibility of a longer trade conflict. But Xi and Trump have publicly exchanged expressions of mutual friendship and the two sides seem to be searching for a way to re-engage. The next big opportunity will be a possible Xi-Trump meeting at the G-20 conference in Japan in late June.

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ECONOMIC IMPACT

[US trade deficit narrows in April; labor market strong](#)

[US trade deficit dips 2.1% in April, but it's not really good news: Exports and imports both fall and ...](#)

[American Oil Keeps Flowing to China Despite Mounting Trade War](#)

[Vietnam biggest winner from first year of the US-China trade war as supply chains shift, report shows](#)

[Tim Cook says China has not targeted Apple despite an escalation in trade tensions](#)

[Trade tensions have had a 'significant' impact on China, IMF says](#)

[Trump's trade war on Huawei is damaging China's economy, report suggests](#)

[Why China's rare earths threat is no game changer in the trade war](#)

[World trade is heading for its worst year since the crisis, ING says](#)

NEGOTIATIONS/AGREEMENTS

[Trump says US and Mexico reach last-minute deal to avoid tariffs](#)

[Mexico Avoids Tariffs for Now, but the Threat Lingers](#)

[Top U.S., Chinese Officials Break the Ice on Trade](#)

[Beyond the trade war fire and fury, Chinese and US officials look for chance to reopen talks](#)

TARIFFS/RETALIATION

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